Austria	Sch. 18	Indonesia	Rp 2500	Portugal	Esc 90
Bahrain	Din 0.650	Italy	L 1300	S. Arabia	Rs 6.00
Belgium	BFr 38	Japan	Y550	Singapore	S$ 4.10
Canada	C$2.00	Jordan	Fils 500	Spain	Pts 110
Cyprus	C£0.60	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	DKr 7.25	Lebanon	£L 6.50	Sweden	Skr 6.50
Egypt	£E1.00	Luxembourg	LFr 38	Switzerland	SFr 2.20
Finland	Fmk 6.00	Malaysia	Rm 4.25	Taiwan	NT $55
France	FFr 6.00	Mexico	Pes. 300	Tunisia	Din 0.500
Germany	DM 2.20	Morocco	Dh 8.00	Turkey	L 210
Greece	Dr 70	Netherlands	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr 6.00	U.S.A.	$1.50
India	Rup 15	Philippines	Pes. 20		

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,581 Friday March 22 1985 D 8523 B

Strain shows on Europe's steel subsidies, Page 18

World news

Denmark faces industrial disruption

Danish industry is expected to be paralysed by a combined strike and lockout affecting over 300,000 workers from Sunday. The strike will hit power stations and petrol and food distribution.

Prime Minister Poul Schlüter said the Government will not intervene to stop the strike and lockout with a statutory settlement.

The conflict, the first significant one since 1973, became inevitable when negotiations for a new two-year collective wage agreement between unions and employers broke down. Page 20

EEC budget deal

EEC Foreign Ministers last night reached agreement on how and when to increase their national contributions to the Community budget thereby ensuring payment of Britain's Ecu 1bn rebate in 1985, and enabling a formal budget to be drawn up for the rest of the year. The deal means that the increase in own resources, from the present 1 per cent Vat ceiling, to 1.4 per cent will only take effect after enlargement has taken place – intended to be next January 1.

Arms talks set

The U.S. and the Soviet Union will start separate negotiations on medium-range nuclear missiles, long-range missiles and space-based weapons next Tuesday, the U.S. Embassy in Geneva said. Page 3

Israelis kill 20

Israeli soldiers, waging an "Iron Fist" campaign against Shia Moslem militants, killed 20 guerrillas during raids on southern Lebanese villages. Two Lebanese staff of the American CBS television network were killed when an Israeli tank shelled a group of journalists. Page 4

Diplomat killed

A Soviet diplomat in New Delhi was shot dead in his car by two gunmen on motorcycles. Police are still seeking another Soviet diplomat who was reported missing last week. Page 4

Chinese reshuffle

Three of China's top economic posts have been reshuffled apparently in a fresh assault against incompetence and corruption. Page 20

Zia gives clue

Pakistani martial law President Mohammad Zia ul-Haq indicated that former Railways Minister Mohammad Khan Junejo may head his new civilian government.

Offices attacked

Explosions damaged the offices of the Royal Jordanian Airlines in Athens, Rome and Nicosia, injuring five people. The Palestinian Black September group claimed responsibility.

Italian press strike

A strike by Italian journalists prevented the publication of national newspapers and blacked out radio and television news bulletins.

Neves recovering

President Tancredo Neves of Brazil was reported to be recovering in hospital from his second abdominal operation in five days. Page 6

Turks protest

Tens of thousands of Turks marched through Istanbul to protest against alleged Bulgarian maltreatment of ethnic Turks in the communist state.

Actor dies

Sir Michael Redgrave, regarded as one of the greatest British actors, died at the age of 77. He had been suffering from Parkinson's disease.

Business summary

Jaguar increases profits by 83%

JAGUAR, British luxury car group floated off from state-owned BL last year, boosted taxable profits by 83 per cent to £91.5m ($108m) in 1984. The result disappointed the London stock market, however, where Jaguar's shares fell by 17p to 313p. Page 20 and Lex; Details, Page 27; London Stock Exchange report, Page 33

WALL STREET: At the close the Dow Jones Industrial average was up 2.98 at 1,268.22. Section III

LONDON: gilts were again in demand but shares recorded losses. The F. T. Ordinary index fell 8.8 to 993.1. Section III

TOKYO: closed for a market holiday.

DOLLAR remained weak in London, falling to DM 3.2105 (DM 3.2555), SwFr 2.72 (SwFr 2.755), FFr 9.82 (FFr 9.96) and Y254.2 (Y256.1). On Bank of England figures, its exchange index fell to 149.0 from 151.3. In New York it closed at DM 3.2065; SwFr 2.725; FFr 9.80 and Y254.07. Page 39

STERLING rose 3.65 cents against the dollar in London to close at $1.188. It also improved to DM 3.815 (DM 3.7475), SwFr 3.225 (SwFr 3.1675), FFr 11.68 (FFr 11.5) and Y302.0 (Y294.5). The pound's exchange rate index rose to 78.4 from 74.0. It closed in New York at $1.185. Page 39

GOLD fell $1.50 an ounce on the London bullion market to close at $321.00. It was also lower in Zurich at $319.00. In New York, the Comex April Settlement was $317.50. In New York, the Comex April Settlement was $317.50. Page 38

COMEX, New York futures market, temporarily suspended Volume Trading Corporation, a major clearing firm for local traders, after three traders experienced large losses because of gold's big rise on Tuesday.

U.S. MONEY SUPPLY: M1 fell by $2.1bn to a seasonally-adjusted $570.6bn in the week ended March 11 1985.

OHIO bank regulators yesterday allowed the first of 70 banks closed by order of the state governor since last Friday to reopen. Page 21

REAGAN Administration agreed $1.2bn economic aid for Israel in the coming fiscal 1986 budget year, but said it had not decided about extra emergency assistance for this year.

MESA PETROLEUM, chaired by Texan financier T. Boone Pickens, filed a lawsuit against Unocal and its chairman for alleged "interference with Mesa's contractual arrangements with Security Pacific National Bank." Mesa alleges Unocal used economic influence to coerce Security Pacific into ending business relations with Mesa.

BRITISH PETROLEUM has won a large contract in Indonesia to provide Pertamina, the state oil company, with consultancy and back-up services at three refineries.

ROYAL Boskalis Westminster, financially-troubled Dutch construction group, said it was close to agreement on selling its Marine Structure Consultants subsidiary to the unit's management.

UK BUILDING societies decided to increase their mortgage rate by around 1 percentage point and their investment rates by three quarters of a percentage point. Page 11

BRITOIL, largest independent UK oil company, announced record pre-tax profits of £688.1m ($818.8m) in 1984, up 17 per cent on 1983. A £518.8 tax bill trimmed net profits to £169.4m. Page 24; Lex, Page 20.

MUTUAL and Federal, South African insurer, blamed high reinsurance costs, inadequate premiums and abnormally large fire and storm damage claims for a pre-tax first-half loss of R6m ($3.15m) against a profit in the corresponding period last year of R9.8m. Page 23

$ plunges after lower estimate of U.S. growth

BY STEWART FLEMING IN WASHINGTON AND PHILIP STEPHENS IN LONDON

THE DOLLAR slumped on foreign exchange markets yesterday in response to evidence of a sharp slowdown in the U.S. economy and accelerating U.S. inflation.

The dollar was hit by a renewed selling wave after the U.S. Commerce Department reported that its "flash estimate" showed economic growth slowed to an annual 2.1 per cent in the first quarter of this year, while the inflation rate more than doubled.

The growth figure was about half that expected in the foreign exchange markets and its impact on the dollar was compounded by the unexpected surge in inflation to 5.4 per cent, nearly twice the level in the last quarter of 1984.

The announcement was followed by chaotic trading, with the dollar falling nearly 5 pfg in a matter of minutes. Dealers said that the speed of the fall underlined the nervousness in the market after the dollar's heavy losses earlier this week, sparked by the savings bank crisis in Ohio.

The U.S. inflation projection conflicts with recent evidence provided by the wholesale and consumer price indices, which points to subdued, not accelerating, inflation.

The Commerce Department said it has also revised downwards from 4.9 per cent to 4.3 per cent its estimate for real growth of GNP in the fourth quarter of 1984.

A major factor behind the unexpectedly sharp slowdown is the serious deterioration in the U.S. trade balance the Commerce Department appears to be expecting as a result of signs that the strong expansion of domestic demand is increasingly being satisfied by surging imports.

Although the data is seasonably adjusted, some economists suggested yesterday that exceptionally bad weather at the beginning of the year may also have played a part in the slowdown, although they pointed out that better weather in March may offset this.

"Flash" estimates are not infallible guides because they are based on only two months' economic statistics which are themselves incomplete. Many economists said yesterday they expected some upward revision in the latest "flash."

In the fourth quarter, the GNP "flash" estimate projected growth of 2.8 per cent. This was subsequently revised upwards, at one stage to 4.9 per cent, partly because of a better-than-expected trade performance. Private economists, however, generally share the Commerce Department's gloomy expectations of poor trade figures in the current quarter.

The Commerce Department suggested yesterday that there were also doubts about the implicit price deflator signal. Mr Malcolm Baldrige, Commerce Secretary, said that the fixed rated price index was a better indicator of inflation. This is expected to rise at e 4.1 per cent annual rate this quarter compared with 3.6 per cent in the final quarter of 1984.

He pointed out also that federal wage increases were a special factor responsible for the higher inflation figures.

Last summer, the Federal Reserve Board eased monetary policy partly in response to slower economic growth. But confirmation that inflation is picking up would limit its ability to relax monetary policy, even if the sluggish GNP growth projected in the "flash" estimate is confirmed by later data. The consumer price index for January is due to be released today.

Commenting on the impact of the "flash" estimate on the dollar, Mr Brian Fabri, an economist with Salomon Brothers in New York, said slower U.S. growth and evidence of

Continued on Page 20

Lex, Page 20; Currencies, Page 39

Central bank intervention of $11bn in two months

BY ANATOLE KALETSKY AND JONATHAN CARR IN FRANKFURT

CENTRAL BANKS have spent nearly $11bn intervening against the dollar since mid-January when finance ministers from the Group of Five leading industrial countries resolved to make more aggressive use of their reserves to counter speculative pressure on the U.S. currency.

The $11bn figure, which is substantially more than previous estimates circulating in the foreign exchange markets, was confirmed yesterday by two European central banks after Herr Karl-Otto Pöhl, president of the West German Bundesbank disclosed that the Bundesbank had sold about $4bn from its reserves since mid-January. He added, in an interview with the Financial Times, that these sales had constituted just over a third of total central bank intervention during the period.

Herr Pöhl said that the intervention had occurred mostly in the last few days of February, when massive and concerted dollar sales by central banks around the world drove the U.S. currency down from a peak of nearly DM 3.50 to below DM 3.30.

"Central banks thought it was the right moment to show that we meant business and the announcement on intervention in January was not just an announcement," Herr Pöhl said. Since the major action of late February there had been little further intervention, another European central bank confirmed yesterday.

Although Herr Pöhl gave details only of West Germany's action, reliable market sources said that the U.S. contribution to the $11bn intervention total was about $600m. In addition to the other Group of Five countries – Japan, France and the UK – Canada is also understood to have sold very large quantities of dollars.

Although central bankers appear to regard the intervention of late February as having been a success, they are cautioning against expectations of further action on this scale. Even the Bundesbank, it is pointed out, could not afford to intervene frequently in volumes as large as $4bn.

The Bundesbank has about $35bn in dollar reserves and these generate a very substantial dollar income which can be sold in the markets for intervention purposes without reducing the level of the underlying reserves themselves.

In addition, the Bundesbank does not endorse as a general principle the idea of "destabilising intervention" – the proposal put forward by some economists that central banks should sell dollars just as the dollar is weakening anyway in order to knock the currency down further. Thus the recent bout of nervousness about the dollar, stemming partly from the Ohio Savings Bank crisis, has not been viewed by central bankers as a suitable occasion to hit the U.S. currency harder.

BASF profits jump 50% as output and sales volume rise

BY JOHN DAVIES IN FRANKFURT

BASF, the West German chemical group, lifted group pre-tax profits by 50.2 per cent to DM 2.52bn ($775m) last year as buoyant demand, especially in export markets, led to increased sales volume.

Worldwide sales revenue, including the total sales of all companies at least 50 per cent-owned, rose 14.9 per cent to DM 43.5bn. The Ludwigshafen-based parent company boosted its sales revenue by 17 per cent to DM 19.8bn, while its pre-tax profit showed a 48.9 per cent rise to DM 1.32bn.

BASF said that although the strong dollar boosted U.S. business in terms of D-Marks, the growth in sales revenue mainly reflected a higher volume of sales. With increased production, chemical plants were more heavily used and output was relatively cheaper.

BASF has not disclosed its dividend intentions, but as with Hoechst and Bayer, the other two big West German chemical groups, its improved performance has for some time raised expectations of a substantial dividend increase.

Hoechst confirmed earlier this month that it planned a "marked" increase in its dividend, after boosting parent company pre-tax profit by 44.7 per cent to DM 1.33bn. It has not yet disclosed its group profit, but group sales were 11 per cent up at DM 41.28bn.

Bayer has yet to announce its full-year results, but Herr Hermann-Josef Strenger, the chief executive, indicated in November that shareholders would participate in the company's favorable business development.

All three major chemical companies paid DM 7 per share on their 1983 results. Each had cut its payout for 1982 because of a severe setback – in the case of BASF to DM 5 per share – but operations have picked up sharply over the past two years.

With business now running strongly, the chemical industry does not expect to see a continuation of sharp growth rates and has been talking about stabilisation at a high level. Executives have been cautious about forecasts.

BASF said that the inflow of new orders, as well as orders on hand, exceeded the levels of a year ago and this suggested that the "positive trend" would continue. Hoechst pointed out recently that the "good business situation" had continued in the first two months of the year.

The chemical companies have been benefiting not only from economic recovery and the strong dollar but also from rationalisation and corporate surgery in recent years to deal with loss-making and risky areas.

Police kill 17 during protest on Sharpeville anniversary

By Anthony Robinson in Sharpeville

AT LEAST 17 people were killed yesterday by South African police who opened fire during a demonstration on the 25th anniversary of the Sharpeville massacre, when 69 blacks were killed while protesting at the country's pass laws.

The toll of dead and injured yesterday was expected to rise. The police fired on a crowd of 3,000 to 4,000 people, mainly black youths, who were marching from the black township of Langa, near Port Elizabeth in the Eastern Cape, towards the nearby suburb of Uitenhage.

Mr Louis le Grange, the Minister of Law and Order, told parliament yesterday he "regretted to have to announce a most unfortunate incident." According to the minister, police had been forced to fire in self-defence.

"The crowd, armed with stones, sticks, petrol bombs and bricks was marching along the highway towards Uitenhage led by a person dressed in black and carrying a brick," he said.

A 19-man police unit with an armoured car told the leader to order the crowd back as the march was illegal. These instructions were ignored, Mr le Grange said, and a warning shot was fired into the ground as the crowd came to within 5 metres of the police.

This was also ignored, he said, and the police then opened fire with army issue rifles and shotguns. "Eleven people died during the incident while six others died in hospital and 19 were injured," the minister added.

Black eyewitnesses in townships near Uitenhage told Reuters that the police opened fire without provocation. They said the marchers were going to a service to commemorate Sharpeville.

The shootings were condemned as a "deplorable tactic" by Mr George Shultz, the U.S. Secretary of State, during an appearance before a House of Representatives sub-committee.

"The system of apartheid is totally repugnant to me and the pattern of violence has totally underlined how evil and unacceptable that system is," Mr Shultz said.

The demonstration began after trade unions and community associations in the string of black townships around the car assembly and manufacturing town of Uitenhage had called a one-day work stoppage in protest at the banning of the funeral of six blacks killed in earlier clashes with police.

Before this latest incident, at least 15 people died in clashes with

Continued on Page 20

EEC agrees standards for car exhausts

BY PAUL CHEESERIGHT IN BRUSSELS

DEEP DIVISIONS between the car-producing countries of the EEC have been bridged by a Community agreement to introduce strict new exhaust standards for all new cars over a six-year period starting in 1988.

The standards and timetable for their introduction will be different for cars with engines of more than 2000cc, for those between 1400 and 2000cc and for those smaller than 1400cc.

Agreement was reached at 8am yesterday after Community environment ministers had negotiated all night. That followed a day of bilateral meetings when Sig Alfredo Biondi, the Italian Environment Minister and President of the EEC Council of Ministers, tried to soften argument between West Germany on one side and the UK, France and Italy on the other.

Sig Biondi said: "The expectation may have been greater than what has actually beeo achieved, but it is a complicated consensus among 10 member-states."

Denmark and Greece have not yet formally accepted the accord, and Mr William Waldegrave, the UK Environment Under-Secretary, bas made clear the UK will have to carefully examine the provision for medium-sized cars.

Although Mr Stanley Clinton Davis, the EEC Commissioner for the Environment, said the agreemeot "will achieve a considerable reduction in atmospheric pollution," the European Environmental Bureau classifed it as "too late and too little."

The Committee of European Car Manufacturers accepted the political accord but warned of problems caused by differentiating between different sizes of cars. The solution "will necessitate review of product strategies by car manufacturers, possibly resulting in a reduction of the number of models offered to consumers," said Herr Eberhard von Kuenheim, the committee president and chairman of BMW.

Complex technical work will now start in defining European exhaust standards so that, in the words of the ministerial agreement, "the ef-

Continued on Page 20

Lean burn vs catalysts, Page 2; Reaction, Page 3

WHEN THE NEW STANDARDS COME IN

Category	New models	New cars
2000cc or more	Oct 1988	Oct 1989
1400–2000cc	Oct 1991	Oct 1993
Under 1400cc		
– first stage	Oct 1990	Oct 1991
– second stage *	1993/94	1993/94

* date of implementation to be decided in 1987

Spain and Portugal talks near to deal

BY QUENTIN PEEL IN BRUSSELS

EEC FOREIGN ministers were close to agreement last night oo a final package of terms to offer Spain on Community membership, with only France and Ireland expressing continuing reservations.

The five-day marathon of negotiations with Spain and Portugal appeared in sight of conclusion, as Sig Giulio Andreotti, the Italian Foreign Minister and president of the Council of Ministers, pushed his colleagues to the limit of their physical and political endurance.

At one stage he even warned that next week's EEC summit might have to be put off if they failed to reach agreement.

As he left the talks in a break for dinner last night, Sr Fernando Moran, the Spanish Foreign Minister, expressed optimism that an agreement would be possible at some stage during the night.

One outstanding problem cooncerned Spain's fishing access to the "Irish box" of coastal waters up to some 50 miles. Dublin was fighting for continuing limits after an initial 10-year exclusion period. The second remaining problem was France's objections to an improvement in the terms offered to Spain on exports of fruit and vegetables, and its wine production.

The rapid narrowing in the gap both among the EEC ministers and with the prospective Community members followed an entire night of negotiations on Wednesday night between Sig Andreotti and the Spanish and Portuguese, which continued throughout yesterday

Continued on Page 20

Slow road to border abolition, Page 7; Paris accepts EEC veto right, Page 20

CONTENTS

Lean burn *v* catalysts: the car emissions argument goes on

John Griffiths reports on the motor manufacturers' dilemma on pollution standards

AFTER 17 hours of huffing, with the threat of an internecine trade war looming if they failed, the EEC's Environment Ministers yesterday succeeded in blowing away much, but by no means all, the fog surrounding the car exhaust pollutien issue.

They decided that cars of two litres and over must meet tough new European pollution emissions standards by 1988. The timetable means that U.S.-style three-way catalytic converters must be introduced on such cars. West Germany, under vociferous pressure from the Green party in the face of its dying ferests, bad fought to have the standards introduced across the board, but Bonn's ideas had been bitterly opposed by several of its EEC partners.

Cars of under 1400 cc, tbe staff ef life te the French and Italian motor industries, will have until October, 1990 te meet standards 50 per cent less tough, and Ministers will decide in 1987 if tougher standards for these cars should be implemented by 1993.

The compromise en the thorniest issue of all, cars with engines of 1400-2000 cc, which account for 60 per cent ef all European sales, is thet completely new cars must meet the full standard by 1991, and all cars coming off production lines must do so by 1993.

But despite these decisions, the fog is still clinging te what the precise emission standards will be. This tricky corner, the Ministers have pledged, will be turned by the end of June.

The European Commission, whose proposals have formed the basis ef the compromise, says that they will be "equivalent to" the standards prevailing in the U.S. in their effect on Europe's environment.

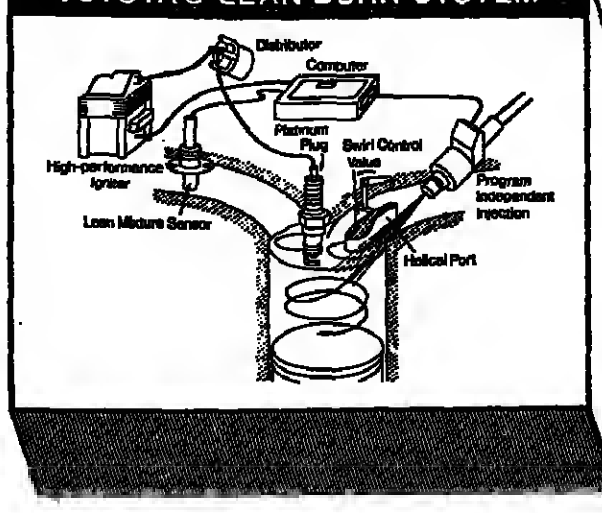
The problem is defining "equivalent," because vehicles, road networks, driving patterns and driver habits in Europe are substantially different from those in the U.S.

Europe's volume car manufacturers, wbe would prefer te meet the vehicle emission standards using "lean-burn" engine technology rather than catalytic converters, cannot go ahead with the fermer until agreement on standards ia reached. Otherwise, they may have te develop the two technologies in parallel at substantial cost.

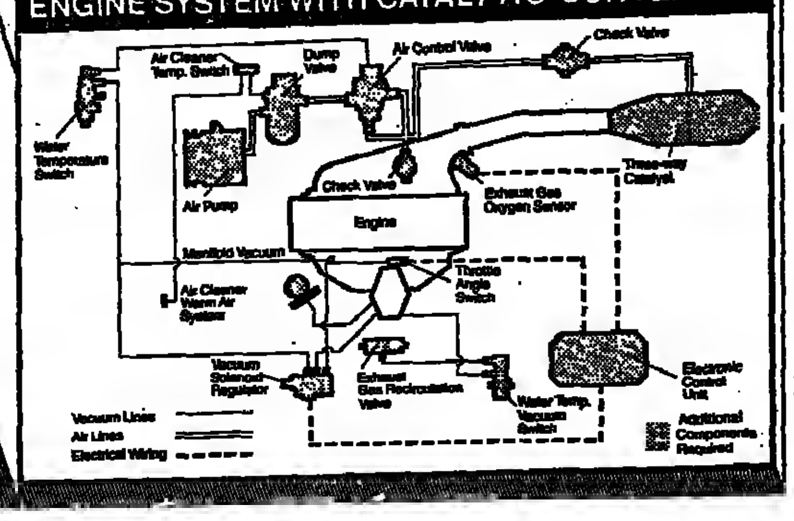
There is also a sharp difference between the size ef the problem facing the volume producers like Ford, General Metors, Fiat and Renault, and the more specialised makers of larger cars like Mercedes, BMW, Jaguar and Porsche.

Virtually all the volume makers' cars have been developed for European markets, with ne consideration of catalysts in their design. In contrast, the mere specialised producers have long since developed catalyst-equipped cars fer their single most valuable market in the U.S.

TOYOTA'S LEAN BURN SYSTEM



ENGINE SYSTEM WITH CATALYTIC CONVERTER



Their cars are also selling mainly towards the top end of the market, where the cost te the consumer fer the catalyst system ef about £400-£600 represents a relatively small proportion of the purchase price. Fer the cheapest small cars, it could increase prices by up to 20 per cent.

The effect of West Germany's first announcement last year that it weuld "go it alone" and insist on the introductien of catalysers frem 1986, was to cause a scramble ameng volume makers to be able to offer this option by the end ef 1985.

The scramble has cost Ford alone $200m, and it is not solely financial: 412 ef its 5,000 engineers in Europe bave been switched to the project full-time, so that werk on the alternative lean-burn engines and other research and development has been slewed er disrupted. Catalyser cars are seen as dead-end technology, and a spokesman said: "For all that $200m investment, we still den't know that we'll sell any of these catalyser cars."

By yesterday, delegates from the UK, the strongest proponent of lean-burn technelegy, were giving manufacturers grounds for cautious optimism that the new EEC rules could be sufficiently different from those of the U.S. to allow the emission standards deadlines to be met with lean-burn, rather than catalyser technology.

There is no precise way ef translating the U.S. test standards to European procedures, which may prove useful in terms ef reaching a final compromise. But reasonably close comparisons can be made between the U.S. requirements applicable now, and proposals already put ferward by the EEC Commission which are likely to form the basis of the compromise.

The U.S. allows emissions ef no mere than 3 grammes ef nitrogen oxides er 3 grammes ef hydrocarbons per test. These twe pollutants have been identified as causes of photochemical smog, and subsequently acid rain. Concern about these emissions far outweighs that surrounding the third, carbon monoxide, which is not linked to acid rain. The U.S. test, however, still allows no mere than 15 grammes of carbon monoxide to be emitted per test.

The European Commission originally proposed that tighter emission controls be imposed in two stages, leading by 1995 to standards approximating to those of the U.S., but setting a permissible range for the three pollutants: of 1.1-4 grammes fer nitrogen oxides, and between 2.6 and 8.2 grammes for nitrogen oxides and hydrocarbons combined. Between 10 and 35 grammes of carbon monoxide would be tolerated.

The upshot of the Brussels meeting is that standards approximating to the Commission's proposals will be introduced for all except under 1400 cc cars but that the agreed timetable weuld be almost impossible to meet with lean-burn technology.

But has the industry simply been crying wolf, in the hope that the politicians would climb down? And if they really cannot meet the target if a really strict regime emerges in June, what's wrong with catalysts anyway?

Traditionally engines have run an air/fuel mixtures of about 14.5:1 which prodnce optimum perfermance but bigh pellution emissiens. These emissions fall very rapidly if the proportion of air to fuel is increased and at a ratie of 21-22:1 would come very close to meeting U.S. standards. At the same time, fuel consumption would improve by between 5 and 10 per cent—a principal reason why the industry faveurs the lean-burn technology.

The problem is that attempts to raise the ratio past 18; have faced difficulties and that the possible combinations of designs, even for a single engine type, are almost countless.

The advantage to the consumer is that in contrast to the £400-£600 for the full three-way catalyser system, most manufacturers estimate that lean burn units could cost as little as £20-£40 extra, even allowing for recovering development costs.

Proponents of the catalyst take a different viewpoint. Mr Rob Searles, sales and marketing director of Jehnson Matthey's autocatalysts division, which expects to see its output of catalysts rise ten-feld mainly as the result of the EEC agreement on over 2-litre cars, insists that the catalyser has been unfairly maligned.

Even its opponents do not challenge the fact that when working properly, it is the most effective way of reducing pollutants to the minimum possible.

Unleaded fuel is another factor. Had Bonn got its way, there could still have been no quick switch to catalysts. Unleaded petrol statiens will probably be on all German autobhans by the end ef this year, and one in ten ether petrol stations is likely to supply it.

But with much slower introduction expected elsewhere, catalyst car-buying Germans in the near future, risk being confined almost entirely to driving within their own country.

RIVAL CANDIDATES EMERGE

Rush to Moscow weakens Pertini's national standing

BY JAMES BUXTON IN ROME

A HASTY decision taken last week in South America has already had e profeund effect on the campaign for the electien ef the next Italian head of state. It has broken the taboo on serious public criticism of Sig. Sandro Pertini, the 88-year-old President ef the Republic.

The President, nearing the end of his seven-year term of office, was on a long-planned official visit to Argentine when he heard of the death of President Chernenko of the Soviet Union. He swiftly decided to break it off, abandon a trip to Brazil where he would have attended the swearing-in of the new democratie President and hurry nearly halfway across the globe to the Soviet leader's funeral.

Sig Pertini: a reassuring beacon

It is still debetable whether the President was right to put the paying of Italy's respects to Mr Sergei Gorbachev at the highest possibel level above the fostering of Italy's vast interests in the newly democratic countries of South America (half the Argentinian population is of Italian erigin and Fiat is the biggest industrial exporter in Brazil). But the majority of politicians in Rome feel that the aged Sig Pertini acted too impulsively. eH alse defied the wishes of Sig Bettino Craxi, the Prime Minister.

Several politicians have said so publicly, as have some of the newspapers. And at once the magic that surrounda this astonishing figure, whose presidency has done so much for Italy, has diminished.

That is important because the President, despite his years, is known te have been attracted by the idea of a second term of office, even though it would take him to the age of 95. The President has never stated elearly that he weuld not stand and this fact, plus bis enormous popularity, have made it almost impossible te launch a campaign against him. Press criticism of him was almost unknown.

That now is beginning to change. While the opposition Communist Party remains faithful to e longstanding decision to back Sig Pertini should he stand again, as does the small Republican Party which is in the Government, the tiny Liberal Party has now opened the whole question of whether any President ought to be allowed to serve for 14 years, while the Christian Democrats have admitted publicly what has been obvious for a long time—that they would like their own man in the Quirinal Palace when the term of Sig Pertini, who is a Socialist, expires in early July.

The President of the Republic in Italy is elected by the Parliament, not by the people. It is a post which combines ceremonial functions with certain fairly limited powers, the most significant of which concern the right to ask potential Prime Ministers to form governments.

Sig Pertini has used those powers innovately. Unlike his predecessors who were tightly boued by alliances to the politicians under them, he has felt free to do what he wanted. It is thanks to him that the unending succession of Christian emDocrat Prime Ministers has been broken since 1981, first by Sig Giovanni Spadelini, head of the Republican Party, and now by Sig Craxi, the Socialist leader.

Sig Pertini has also used his patent honesty and sincerity, and his ability to express simply what ordinary people think—in contrast te the windy pomposities of the ether politicians—to make the presidency very influential.

That did not necessarily endear him to the politicians who often felt he was going over their heads to the people and making them look foolish. But also they realised that the Presidency of the Republie was was now e position mere worth having, however. For the Christian Democrats, still the biggest party in the Government and the country, the regaining of the presidency may have more attraction than regaining the prime ministership.

But these are early days. The presidential election will not be beld before June, and in the meantime the whole country will be going to teh polls in May to vote in regional and municipal elections, and may also have to vote in a referendum on wage indexation.

The outcome of those votes, while not of course changing the balance of seats in Parliament, could change each party's standing in the eyes of its rivals and will dominate the weeks of horse-trading that should decide the fate of the Craxi Government.

With Sig Pertini's re-election, perhaps a less strong possibility than before, other possible candidates can emerge from the shadows. There is, for example, Sig Arnaldo Forlani, the deputy prime minister and the mediator between Sig Craxi and the Christian Democrats. There is Sig Francesco Cossiga, the president of the Senate, whese electien might appeal more to the Communists, whose acquiescence is essential.

Indeed the possible combinations of President and Prime Minister (the Socialists can hardly go on holding both jobs) that will be argued over in the coming months are many.

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EUROPEAN NEWS

CAR EMISSION ACCORD: REACTIONS

WEST European car manufacturers yesterday hesitantly welcomed the EEC agreement on car emission standards as ending a damaging period of uncertainty. While regarding a Community-wide system of standards as essential, several companies still have severe doubts about imposing them before the "lean-burn" engine, rather than the catalytic converter, is available to clean emissions.

Bonn opposition attacks deal

THE TWO main opposition parties in Bonn lambasted the Government for agreeing to what the Social Democrats (SPD), called a "miserable" deal over the introduction of car emission controls, Peter Bruce reports from Bonn.

The radical Greens Party, whose campaign to rescue dying German forests from the effects of car exhausts first prompted Bonn to seek ways to introduce the convertors, called the Brussels agreement a "death sentence for German forests."

The SPD said "the representation of German interests in Brussels was shamefully handled." Bonn's compromise in Brussels meant that a reduction in emissions would only now begin to have an effect on forests in 1993. The Greens seem likely to increase pressure on the Government to quickly introduce a 100km/h speed limit on the country's autobahns.

The West German car manufacturers, whose domestic sales have been hit by the uncertainty surrounding the mandatory installation of converiors, welcomed the deal. Figures published yesterday showed German car registrations in January and February at their lowest level for 10 years.

The Automobile Industry Association said the Brussels agreement was particularly important because it bound manufacturers in other EEC member countries.

Manufacturers welcomed an end to the uncertainty over timing and Volkswagen said in a statement that the deal had avoided a potentially damaging trade war, which would have resulted had Bonn not been forced to compromise on its recent threats to go it alone.

Troubled French industry fears the worst

FRANCE'S TWO major car manufacturers—the state-owned Renault group and the private Peugeot group embracing the Peugeot, Talbot and Citroen marques — did not disguise yesterday their anxieties over the EEC agreement on the introduction of strict new car exhaust emission standards in Europe, Paul Betts writes from Paris.

The French car makers are worried that the new rules will give an advantage to Japanese manufacturers because Japan is far more advanced in the development of catalytic converters for small cars than European producers.

The French car companies are also concerned by the fiscal incentives West Germany will offer to consumers to convert their cars to the new standards. Indeed, the French appear worried that these fiscal incentives could lead to the introduction of the new emission standards even before their official adoption dates.

In turn this would make the calendar for the introduction of the system negotiated in Brussles redundant, lead to an increase in the unit cost of cars and provoke a general fall in European car sales.

However, French car companies have already prepared themselves for the imminent advent of new European exhaust standards with Renault offering a wide range of cars ranging from the Super 5 mini to the top of the line Renault 25 with catalytic converters for the German, Swiss and Austrian market. Peugeot also recently unveiled at the Geneva Motor Show a Peugeot 505 with catalytic converter.

Swedes see few problems

SWEDISH AUTO makers, who produce a high value added car, are little troubled by the prospect of new emissions standards, David Brown reports from Stockholm. Said one Volvo spokesman: "Our cars are in a price range where the addition of a catalytic converter is going to have a minimal impact on price. We're not really worried about the situation."

A similar view comes from Saab: "At present, this might add between $500 and $600 to the price of our cars. Our customers are not so price-sensitive that this will make any difference. Three years is a good lead time and we don't foresee any problems or extraordinary costs involved

Italians concerned at high costs

By Alan Friedman in Milan

FIAT AUTO, the leading Italian car maker, yesterday described the new guidelines as "very strict and very costly."

But the Turin-based group pledged adherence to the decisions and pointed out that it had already unveiled, at the Geneva Motor Show earlier this month, three specially adapted 1,500 cubic centimetre car models.

Sig Gregorio Rampa, Fiat Auto's director of industrial policy, said he was pleased that the European Community "has agreed on a community-wide solution."

It was essential to avoid individual and uncoordinated rulings which would have fragmented the European car market, he added.

"The new guidelines are very strict and very costly for us, but we accept the decision," said Sig Rampa. He said the ruling would pose no technical problems and that Fiat was willing to predict that it would not suffer any loss of market share in Europe as a result of the ruling.

The Brussels decision, Fiat added, was "very much in line with the Italian Government's own proposal."

OECD plans tougher hazardous waste curbs

By Paul Betts in Paris

INDUSTRIALISED countries will draw up a set of proposals next week to introduce stricter controls on the transport of hazardous waste materials across national frontiers.

These proposals will be discussed at a special conference of Organisation for Economic Co-operation and Development (OECD) countries next week in Basle

The issue of controlling and monitoring the international traffic of dangerous waste substances has become a major preoccupation for OECD countries. Mr Erik Lykke, the OECD's director for environment, remarked yesterday. He indicated that a cargo of hazardous wastes now crosses a national frontier more than once every five minutes in the OECD.

The problem has major economic and industrial implications, since according to the OECD the costs of controlling and properly disposing of these substances amount to more than $12bn (£10.4bn) a year for the industrialised countries.

The sharp rise in the international transport of hazardous wastes follows the strengthening of internal controls on these substances by many individual countries.

The OECD calculates that these new regulations introduced by individual countries can lead to average extra costs of $75 a tonne to destroy or specially treat dangerous wastes for industrialists. However, disposal costs can be reduced by transporting the wastes to other countries with less stringent regulations.

A background paper for the Basle conference says that compared to the $75 a tonne extra cost for waste disposal, it is more advantageous to transport the waste up to 500 miles. As a result, countries such as Austria, Belgium, Denmark France, Switzerland, Italy and the Netherlands, have all been affected by the rise in the international transport of such wastes.

While many cargoes cross frontiers legally, the OECD says certain crossings occur because controls are inadequate. It also refers to the celebrated affair of the Seveso dioxin drums that were temporarily "lost" after leaving Italy to go into France and finally ending in Switzerland.

Lufthansa escapes plan for part privatisation

BY PETER BRUCE IN BONN

HERR GERHARD Stoltenberg, the West German Finance Minister, has been forced, at least temporarily, to abandon plans to cut the Government's 80 per cent stake in Lufthansa after encountering strong opposition from the powerful Bavarian leader, Herr Franz-Josef Strauss.

The Finance Ministry confirmed yesterday that Lufthansa had been dropped from a list of state-owned companies Herr Stoltenberg wants to part-privatise. The original list, leaked last October, will be short of a further five candidates when the Cabinet, after months of delay, finally discusses it next week.

The ministry said, however, it would continue to study ways to cut the state's stake in Lufthansa, the IVG industrial holding company, the Bundesbahn's road haulage subsidiary, Schenker, and its house bank, the Deutsche Verkehrs-Kredit-Bank, an autobahn services holding company, and the re-privatisation of the Berlin-based DIAG engineering group.

Herr Stoltenberg presented his much shortened definitive list to the Cabinet yesterday, and it is understood he will seek agreement to go ahead with it at the next Cabinet meeting on Tuesday.

He is now proposing to go ahead quickly with a 25 per cent cut in Bonn's stake in the VIAG energy and aluminium concern, a reduction from 20 per cent to around 14 per cent in its share in Volkswagen, reducing the states share in Prakla Seismos, an oil exploration operation, and cuts to 51 per cent in two banks, the Deutsche Pfandbriefanstalt and the Deutsche Siedlungs-und Landesrentenbank.

Herr Strauss was quick to make his reservations about Lufthansa known after the appearance of original list last year, and these account for much of the delay in getting the Cabinet formally to discuss the Finance Minister's plans.

The Bavarian leader is also leader of the Christian Socialist Union (CSU), one of the governing coalition parties in Bonn. He also sits on the Lufthansa board and is chairman of Airbus Industrie, manufacturers of the Airbus. He is understood to have been particularly worried that although Herr Stoltenberg was proposing to cut Bonn's stake only to 55 per cent, this could be further weakened.

The danger then, he fears, would be that a privately owned Lufthansa, a major Airbus customer, might begin to buy aircraft elsewhere.

Herr Stoltenberg has apparently been unable to reassure Herr Strauss on this. It also is apparent that Herr Strauss has expressed reservations about the entire privatisation concept being put forward by the Finance Minister. Most of the other original candidate undertakings now off the list fall under the control of Herr Werner Dollinger, the Transport Minister, a CSU member.

French air force presses for more Mirage 2000 fighters

BY DAVID MARSH AT SAINT DIZIER AIR BASE, EASTERN FRANCE

THE FRENCH air force yesterday delivered a stern warning to the Socialist Government over the need to step up orders for the high-performance Mirage 2000 combat fighter and to decide soon on a replacement land-based strategic nuclear missile system for the 1990s.

The warning follows considerable discontent in the air force over the effects on military spending of the Government's budget cuts. It surfaced yesterday during a visit by M Laurent Fabius, the Prime Minister, to the air force base at Saint Dizier, near Rheims, in eastern France.

General Bernard Capillon, Chief of the Air Force Staff, told M Fabius that France needed to decide soon on replacing its ageing Mirage IV nuclear bomb-carrying jets and its land-based ballistic missiles. These are expected to come to the end of their operational life around the mid-1990s. The weapons and aerospace industry, as well as the military, has been urging the Government to vote funds to build a mobile SX strategy missile system for the next decade, but the decision has been delayed for several years.

General Michel Forget, head of France's tactical air force command, said yesterday that the number of combat fighters in the country's air force – currently 450 – was "a minimum." The number should be more like 500, he said. He voiced special concern about delays in equipping the force with the new Mirage 2000, and he said orders for these aircraft had slipped by about 50 from originally determined levels.

During the visit, M Fabius became the first French Prime Minister to fly in a supersonic Mirage. He spent an hour in the trainer's seat as a pilot put the Mirage 2000 – in service with the air force since last July – through its paces at speeds up to 1,240 mph.

The visit was accompanied by a timely reminder of the attention paid by French forces to the build-up of stocks of chemical weapons by the Soviet bloc.

M Fabius, accompanied by M Charles Hernu, Defence Minister, was given a 15-minute demonstration of the re-fuelling and bomb-reloading of the Jaguar aircraft under simulated conditions of chemical warfare.

Mechanics and bomb-loaders wearing masks and protective gloves – which French officers say are sufficient to withstand short-term doses of Soviet chemical or nerve gases – carried out the operation while the jet was dragged into the comparative safety of a special concrete hanger.

After the Mirage flight, M Fabius stripped off his goggles to say the experience had been "great". He likened it to a "souped-up" trip on France's new-technology high-speed train.

U.S.-Soviet arms talks structure agreed

By Robert Mauthner, Diplomatic Correspondent

THE U.S. and Soviet Union have overcome a major procedural obstacle in the Geneva nuclear arms control talks by deciding yesterday that the negotiations would break up into three separate groups next Tuesday.

Following the 4th session of the talks by the full American and Soviet negotiating teams, a U.S. spokesman confirmed that the three-tier structure, under which long-range strategic missiles, intermediate range nuclear weapons and space-based arms will be dealt with separately, had been endorsed by both sides.

Although Mr George Shultz, the U.S. Secretary of State, and Mr Andrei Gromyko, his Soviet opposite number, had agreed in principle last January on such a structure, it has taken several negotiating sessions to put it into place.

At the root of the problem lies President Ronald Reagan's Strategic Defence Initiative (SDI), the so-called "Star Wars" technology, which the Americans see as replacing the present doctrine of "mutual assured destruction."

The U.S. is determined to go ahead with research on a new system of space-based defensive weapons, though it has agreed that the deployment of such weapons should be subject to negotiation in keeping with present treaty obligations. Moscow, on the other hand, has called on the U.S. to halt research on SDI weapons straight away.

The argument between the U.S. and the Soviet Union about space weapons has taken place against a background of growing concern among the U.S.'s European allies about the feasibility and long-term strategic implications of SDI.

This anxiety has been expressed publicly within the last few days by both Sir Geoffrey Howe, the British Foreign Secretary, and Herr Hans-Dietrich Genscher, the West German Foreign Minister. The two ministers have stressed that, before deployment of space-based weapons takes place, the new concept must be carefully examined to establish whether it will be more effective in preventing war than the present strategy of nuclear deterrence.

OVERSEAS NEWS

Mark Baker reports from Peking on fears that reforms are bringing the era of relative price stability to an end

China attempts to counter the 'evil winds' of corruption

IN THE markets and private shops of Peking the prices of many foodstuffs have jumped 50 per cent since late last year. At the station, ticket scalpers demand a 70 per cent mark-up. Taxi drivers leave you in the dust and the better hotels and *restaurants refuse service* unless you can pay in the equivalent of foreign currency.

In less than a year, the value of renminbi—the "people's money"—has been progressively devalued by more than one-third. *Outside the* tourist hotels and on busy street *corners* black-market *touts* will double or triple your money for foreign exchange certificates, China's second curreney and the one essential for buying any imported goods.

The press is full of stories *of official graft and corruption:* senior government and party cadres speculating in scarce commodities, hiking prices, taking bribes, giving themselves *and their* friends massive bonuses and entertaining lavishly at state expense.

Just five months after the *Chinese* leadership unveiled its blneprint for revoiutionising the urban economy—to begin dismantling the centrally-planned economy, to rationalise prices and wages and to give greater independence et the prodnction level—there are ominous signs that the vision is being obscured.

At e eeries of top-level meetings of party and Government leaders in recent weeks, some involving China's most senior leader, Deng Xiaoping, there has been an air of alarm.

The State Council, which runs the business of Government, has issued no less than 12 directives *against* breaches of *the reforms.* The latest two, publicised this week, promise harsh measures to stamp out the currency bleck market and illegal price manipulation.

On the instructions of Deng, the party'e propaganda department has gathered its forces for *an unusually* sharp paper war against what are now being categorised as the "evil winds."

The worry of the hierarchy was expressed with unusual clarity by an influential member of *the* party secretariat, Hu Qili, at a party meeting two weeks ago: "Unless these evil tendencies are stopped, a successful outcome of the reform will not be possible."

Among ordinary Chinese, there is real fear that the evil winds signal the beginning *of* the end of the era of relative price stability in China. At a broader level, they are being seen as an indication of the

> 'At a series of top level meetings of party and Government leaders in recent weeks, some involving China's most senior leader, Deng Xiaoping (right), there has been an air of alarm'

limits of the leadership's power to control the bureaucracy and implement some of its most crucial reform policies.

A key element of the urban economic *reforms* has been the moves towards a rational price structure. The Government has recognised that its massive subsidies on basic food items, housing, transport and other public services, which consume about a third of the state budget, must be eliminated for China to achieve rapid modernisation.

The reforms took the first careful steps. Central planning controls were lifted from 60 of the 120 industrial prodncts under the state plan and 19 of the 29 agricultural products. A network of 130 trade centres was formed across the country where surpluses of these products can be traded at negotiated prices.

But the Government retained the power to control the activities of the trade centres and it assured *the* public that no general risee in prices would be allowed before compensating increases in wages.

The reality was rather different. Within days of the release of the reform document, prices of staple goods like eggs, dairy products, woollen clothing and fabrics had jumped between 30 and 50 per cent. A rash of panic buying *cleared* the ehelves of many sbops. Banks *reported a rush of* withdrawals as people converted their savings into consumer durables.

The Government moved quickly to condemn the illegal price hikes and punish the profiteers. In January, 72 cases of illegal price *increases were* prosecuted in Peking alone and the *culprits* fined *a* total of more than $500,000 (£438,000). But many prices remain high and many goods, especially electrical products, are scarcer.

More serious bave been the disclosures about the extent of official *corruption since* the reforms began.

In a major report presented several weeks ago, Bo Yibo, a leading party disciplinarian and elder statesman, said the reforms bad led to many *officials starting* their own businesses to speculate in scarce commodities and manipulate prices. There had been extravagant use of public funds for *illegal wage rises,* bonuses and entertaining.

He *said* abuses by officials had appeared "with great impact and spread *rather* quickly." The abuses involved officials from the central party and government euthorities through *to provincial* and local level.

Bo acknowledged the political dimension of the problem when he declared: "A rather sizeable number of party members, responsible cadres who are party members and children of cadres, are involved in these *unhealthy* practices. Where are the party spirit and sense of discipline of these party members and party-member cadres? This is wbere the seriousness of the problem lies."

The state administration of industry and commerce estimates that there are now 16,000 independent businesses in China operated by party and Government departments and officials, most of them formed since late last year and before the *recent* ban on Government officials operating their own companies.

According to the administration, many of the businesses *and the officials running* them have made staggering profits reselling antomobiles, steel, colour televisions and other scarce consumer goods.

In one *case, 20 Government* and army officials in western Gansu province formed a company to corner the local trade in cars, steel and other materials and resell them at inflated prices. Before being broken up at the end of last year, the group had signed 50 contracts involving *a total of* $9m.

The results of a national eudit made public last week indicate that the Government lost more than $1.19bn last year because of irregularities in state departments and enterprises including "excessive operating costs, unreported or concealed profits, fake losses, tax evasions *and issuing of* goods to employees."

Are *these* revelations evidence of a small but troublesome vein or corruption, incompetence and opposition within the vast Chinese bureaucracy, which the Government is over-dramatising to *ensure the compliant majority* have no doubt about the line to be followed? Or is it evidence that the bureaucracy is proving unmanageable and a force that could undermine the whole reform process?

The strength of the recent reaction of the authorities, the obvious signs of trouble and the apparent determination with which Deng has joined the attack, *suggest it is* the most critical issue facing China at present and a test of the supremacy of the Dengists.

Israelis launch raid on Moslem villages

By Nora Boustany in Beirut

ISRAELI troops backed by 60 armoured vehicels crossed *their front lines in* South Lebanon yesterday and mounted a series of large-scale raids on a string of Shi'ite Moslem villages a few miles from the port city of Sidon, where battles have raged for four consecutive days.

The Israeli advance proceeded on several levels *at dawn* yesterday despite initial resistance from Lebanese army troops and local Moslem fighters. The multi-pronged offensive on townships just two to three miles from Sidon raised fears of Israeli *intervention on the site of* Christian militiamen entrenched in the hills above the town.

Four days of clashes in Sidon between the Lebanese forces or Chrisian militias and the Lebanese army, backed by mainly Sunni Moslem fighters, died down in the afternoon after a ceasefire agreement which called for a *withdrawal of* gunmen from the port city's eastern outskirts.

Israeli troops shelled the fringes of Kfar Milki and the nearby village of *Kfar Hatta,* preventing Red Cross workers and journalists from approaching. The Israeli soldiers reached Anqoun and blew up at least a dozen homes in the towns of Houmin, Arab Tabaya, Kfar Milki and 'Ain Qana. Villagers claimed that four other villages had been raided. In Tel Aviv, military spokesmen said their soldiers *had killed 20 guerrillas* in yesterday's operation. They gave no casualty figures for civilians. A Lebanese cameraman for the American network CBS was killed and four other lebanese journalists *wounded by* Israeli shellfire as they tried to get close to the fighting. Yesterday's was the largest raid since March 11.

The Israeli advance into liberated areas triggered a massive exodus of inhabitants, who bundled their belongings into cars and fled the barrage of shelling. The truckloads of southerners *travelling* northward were the latest phase of an Israeli drive to depopulate regions in Israeli-held territory in south Lebanon.

Soviet envoy shot dead in New Delhi

By John Elliott in New Delhi

A MIDDLE-RANKING Russian *diplomat was shot* dead in his car in New Delhi's diplomatic area yesterday wben be was travelling with his wife to the Embassy compound.

The Indian authorities said investigators were looking into the possibility of a link with the unsolved disappearance five days ago in a New *Delhi* park of a *third* secretary from the Embassy.

The dead diplomat was Mr V. Khitrichenko, wbo worked in the Embassy's economic section. Two unidentified gunmen on a motorbike overtook his *chaufer-driven Volga* and fired six bullets at his head and body from a semi-automatic weapon.

This was the fourth shooting incident in India involving foreign diplomats in three years.

Iraq warns Iran of more air raids

BY RICHARD JOHNS

AYATOLLAH Ruhollah Khomeini, Iran's spiritual leader, pledged that his country would continue its conflict with *Iraq as Baghdad warned* the citizens of Ahwaz to leave the city within 72 hours or face air raids or missile ettacks directed at "vital economic targets."

In a message marking the Iranian new year Ayatollah *Khomeini put to rest any* speculation that Iran might be prepared to entertain seriously attempts at mediation of the four-and-a-half-year-old war *following* the repulse of its latest offensive.

As he spoke two *Indian* diplomats were on their way to Baghdad to launcb a new peace initietive on behalf of the Non-Aligned Movement. At the same time Mr Perez de Cuellar, UN Secretary-General, is appraising the possibilities for another effort at mediation.

Following an overnight Iraqi missile assault on the city of Dezful, Ayatollah Khomeini did, bowever, call for an end to attacks on civilian targets whicb began on Iraq's initiative early this month, thereby rupturing last year's agreement to cease them.

Iraq claimed to have shot down an Iranian F-4 Phantom near *Hamadan* yesterday morning. An air strike on Wednesday on Kbarg Island, Iran's main oil export terminal, was reported to have killed 12 people and destroyed an oil storage tank, but did not *disrupt* loadings.

The Iranians still retain a foothold on two atolls in the Huwaizah marsbes, according to well-informed UK defence analysts. They estimate the *number of Iranian casualties,* dead and wounded, in the latest campaign at about 10,000 with the Iraqis suffering about half as many—much less than *published* U.S. estimates.

The analysts believe that recent explosions *in* Baghdad may have been caused by Skud missiles with a range of 210 miles and a war head of 1,000 pounds. The weapons, cumbersome and relatively *inaccurate* et such a range, could have been supplied by Libya, Syria or North Korea—but almost certainly not the Soviet Union, their original source.

Iraq's successful counter-offensive, begun on March 16-17, was attribnted by the analysts partly to its almost complete air supremacy. Iran is thought to have about 120 operational aircraft—only about one-fifth of what Iraq has at its disposal. Iran's logistical difficulties in the *marshlands* also aided the Iraqis in repulsing the invading force.

Insurers in Iran have cancelled their reinsurance arrangements in international reinsurance markets in a move which could lead to the loss of up to $400m (£350m) in business to the reinsurance community, John Moore writes.

Contracts which were due to *be renewed* in *the Lloyd's* insurance market this week have not been renewed and Lloyd's stands to lose at least $40m in business on marine reinsurance business alone. No reason was given for the decision but underwriters in London felt that the decision was an attempt by the Iranians to reduce their insurance costs and attempt to *retain more of* their business in their own market.

Jordan angered by U.S. refusal on military aid

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

A CONGRESSIONAL attempt to put pressure on King Hussein to negotiate with Israel bas angered the *Jordanian Government.* The move by a House foreign affairs sub-committee was criticised as "very harmful" by Mr Tahir al-Masri, the Jordanian Foreign Minister, during his visit to Washington.

Despite the opposition of the Reagan Administration, and its own chairman, the committee voted on Wednesday to bar Jordan from using U.S. military aid to buy advanced weapons unless it publicly committed itself "*to the* recognition of Israel and to prompt entry into peace negotiations."

Earlier, the committee had proposed $97m (£58.7m) a year in military aid for Jordan over the next two years and an increase of $10m in economic aid to a total of $50m over the two years together.

A milder, voluntary restriction on weapons sales to Jordan adopted by Congress last year *deeply angered* King Hussein, who saw it as blatant arm-twisting and Congressional favouritism towards Israel. Mr al-Masri said he regretted the committee's action.

The State Department was also *upset* by the *committee's* vote at e time when King Hussein is involved in delicate negotiations to try to advance the peace process and is considering e visit to Washington.

Mr Lee Hamilton of Indiana, the committee's Democratic chairman, warned that Syria would welcome the restriction in its attempts to undermine King Hussein's credibility and independence in the peace process. The amendment must still, however, go before the full foreign affairs committee and then to the House floor.

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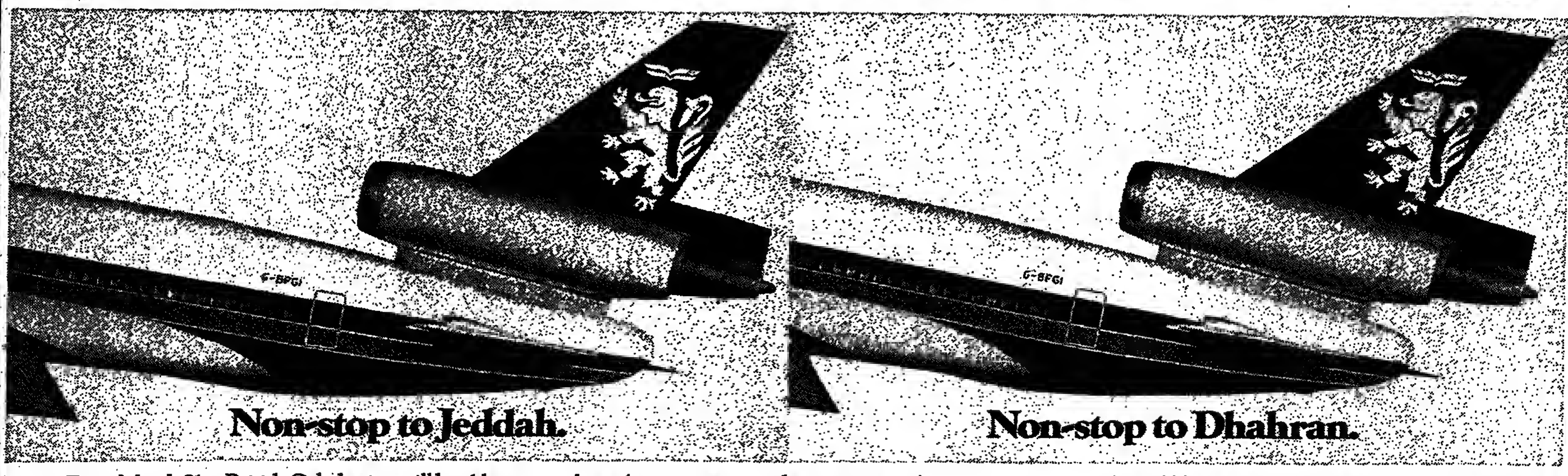

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IN ASSOCIATION WITH SAUDIA.

David Gardner reports on a breakdown of relations across the border

U.S. rift with Mexico over narcotics

"THIS WAS tha final straw," said Mr John Gavin, U.S. ambassador to Mexico, explaining how the kidnapping and murder of a U.S. Drugs Enforcement Administration agent has brought Mexico's often vexed relations with its powerful northern neighbour to a new low.

The badly beaten body of the agent, Sr Enrique Camarena Salazar, along with the body of a Mexican pilot who flew occasional missions for the DEA, was found on March 5. Sr Camarena had been kidnapped on February 7 outside the U.S. consulate in the west coast city of Guadalajara, later identified by the outgoing bead of the DEA, Mr Francis Mullen, as one of the drug capitals of Latin America.

U.S. concern about violence against its citizens in Mexico and about the country's fast-growing role as a source and conduit for the international drugs traffic has become steadily more voluble over the past year.

The Americans say that there are 75 major traffickers, organised in 18 gangs, in Guadalajara alone. Not one has been charged in the eight years since the U.S. began joint anti-drugs programmes with Mexico, and the flow of narcotics north is increasing. Mr Mullen claims Mexico now meets 38 per cent of U.S. beroin consumption, up from 33 per cent in 1983.

Mr Mullen provided this data at a Press conference in Mexico City five days after Sr Camarena was kidnapped. This unprecedented move of a U.S. official flying down to Mexico to show visible irritation with its Government was followed by the unilateral imposition of stringent border checks by the U.S., bringing traffic and commerce on the 2,000-mile frontier to a virtual standstill.

Mr George Shultz, the U.S. Secretary of State, told the Senate Appropriations Committee that "our level of tolerance has been exceeded by these events."

Normal channels of communication between the two Governments broke down until President de la Madrid personally called President Reagan in an effort to resolve the conflict.

The Mexican authorities admit to some police and official involvement in drugs trafficking. In recent weeks, army and police chiefs hsve been replaced in Jalisco of which Guadalajara is the state capital. But they are quick to point to a massive increase in narcotics seizures over the past two years. In November, 7,700 tonnes of marijuana were seized near the U.S. border, a world record haul. A week ago, 676 kg of Colombian cocaine was captured in Baja, California, the peninsula below California.

The army also has been ferrying helicopter loads of foreign journalists into the remote hills of neighbouring Sierra Madre to witness the drug eradication programme. The area is blotched with red poppy fields and marijuana plantations that look from the air like cricket pitches.

The success of the programme in this north-western region has "atomised" the industry, officers say, spreading cultivatioo all over the country.

Sr Camarena's death, officials argue, was an occupational hazard and should be set against more numerous Mexican casualties in the war, against the drugs trade for which the U.S. provides virtually the sole regional market. The Mexican army, for example, which deploys more than 26,000 men, about a quarter of its strength, in anti-drugs programmes, has lost 26 dead and 289 wounded since 1976, it says.

General Juan Arevalo Gardoqui, Defence Minister and Army Chief, stressed in an interview this week, for instance, that the army had chosen ot to publicise an incident last August when drug traffickers in the south-east state of Oaxaca shot down a helicopter, killing two colonels, a major, another officer and eight soldiers. "As far as we are concerned, they died in the line of duty," he said.

The U.S. view of the Camarena affair is radically different. Though recognising the efforts of President Miguel de la Madrid's Government to combat the narcotics industry and corruption, they believe Mexican police officials not only made little effort to rescue Sr Camarena, but actually carried out his kidnapping and helped the drug barons who ordered it to escape. The available evidence tends to confirm this view.

In the past month, in Jalisco state, 12 men, six state policemen and six ex-policemen have been arrested and charged with the kidnap. According to the judicial authorities, one of those arrested has admitted luring Sr Camarena to a car by showing him federal police credentials. He then delivered him to Rafael Caro Quintero, a local drugs gang leader who provided him and his co-accused with regular employment as bodyguards.

Several of the accused have subsequently stated they were tortured. A 13th man arrested, the Jalisco homicide chief, died in police custody, of "acute pancreatic haemorrhage" according to the only medical report so far issued. Some observers believe that an attempt is being made to prevent probing higher up by confining investigations to those already under arrest.

Picture by Maite Gardner

Mexican soldier guards a pyre of burning marijuana

Mr Mullen, for example, said last month that a federal police officer actually escorted Sr Caro Quintero past state police to the private jet that took him out of Guadalajara. The many loose ends in the case all suggest more widespread official complicity.

The open display of U.S. pressure does appear to bave galvanised the Mexican authorities into taking some action on the Camarena case. But there msy well be a price to pay in deteriorated relations ooce the affair blows over.

The U.S. has in the last 18 months used more discrete pressure to underline its differences with Mexico, notably on Central America and trade and foreign investment issues. The U.S. is also known to be irritated at Mexico's habit of voting against it or abstaining at the UN.

It is in this pattern of relations that the drugs issue being "the final straw" and "exceeding our level of tolerance" should be understood. Though both U.S. and Mexican officials unfailingly describe, at least in public, their relations as "friendly" and "mature," this latest row has exposed how easily the two countries can size each other up as adversaries rather than potential allies.

Doubts continue over health of Brazilian leader

BY ANDREW WHITLEY IN RIO DE JANEIRO

SR TANCREDO NEVES, the 75-yer-old Brazilian President-elect, was yesterday reported to be recovering in hospital from his second abdominal operation in five days.

A joint statement from the medical team treating Sr Neves said he was showing "an excellent state of recuperation, without complications." However there is continuing concern as to just how soon Sr Neves might be able to take an active part in Government affairs.

At present the only part of the new Government which is working normally is the economic area. All other government departments are effectively paralysed while Ministers anxiously wait for details of the President's health.

Despite reassuring remarks clearly designed to calm an agitated populace, it seems clear that Sr Neves will not be able to take up his position in practice for many weeks. In his absence the country is being run on a caretaker basis by Sr Jose Sarney, the Vice-President.

Political commentators believe that if all were now to go well with his recovery — and the apparent deterioration of the past few days in his health puts this in doubt — Sr Neves may be able to take the oath of office within the next 10 days.

Formally installed as President, he would then ask permission for an extended leave of absence on medical grounds. Sr Sarney would thus continue as acting president, but with a bolstered legitimacy and authority.

Sr Francisco Dornelles, the Finance Minister, who is also the President's nephew, is acting as if he were Prime Minister — a post which does not exist in the Brazilian political set up.

The Finance Minister has acted quickly to stamp his own authority on the Government with a series of decisions aimed at sorting out old financial scandals. Despite his long-standing links with the former military regime, which he served as bead of the Receita Federal, the Brazilian Inland Revenue, Sr Dornelles has made clear that he carries over no commitments from the past.

One early casualty of the paralysis in Brazil resulting from the President's illness is likely to be the resumption of talks with the International Monetary Fund.

However, Sr Antonio Carlos Lemgruer the new Central Bank Governor, has said that he would like to see discussions with the IMF and secondly with the foreign bank creditors committee, resumed before the end of May.

Banks agreed to extend their Phase II renegotiation terms for Brazil's foreign debt—which expired at the end of last year—to the end of May, after negotiations between the former Figueiredo Government and the IMF on a new Letter of Intent broke down.

Wildlife fear from fire on Galapagos

A FIRE which has been burning for three weeks on an island in the Galapagos archipelago has engulfed 62,500 acres of the island and is threatening its unique wildlife, Reuter reports from Quito.

Giant Galapagos turtles, 4,000 of which are breeding in the crater of an extinct volcano on Isabela island, are not in danger from the fire, according to a report by scientists from Ecuador, 650 miles away on the South American mainland. But the scientists said that dwarf penguins were under threat and that the effects of smoke and ash had turned flamingos' feathers from pink to white.

United Nations scientists denied the flamingo claim. More than 400 volunteers and troops are fighting the fire on the island, where the animal population greatly outnumbers the 844 people.

The UN team said the flamingos' problems stemmed from lack of plankton in the water, not the fire, and that the penguins had other breeding grounds in the Galapagos. Zoologists are ready to move the turtles to safety if necessary.

Queen to visit Grenada in October

By Hugh O'Shaughnessy

THE QUEEN is to visit Grenada in October as part of a tour of independent countries of the Eastern Caribbean.

The visit is seen as putting seal normality on the island after the revolutionary New Jewel Movement seized power in March 1979, and the subsequent U.S. invasion of October 1983.

The Queen will visit Grenada after the Commonwealth Heads of Government conference to be held in the Bahamas. By the time the Queen arrives all U.S. and Commonwealth troops from the invading forces will have been withdrawn.

Other countries to be visited include Antigua and Barbuda, St Kitts-Nevis, Dominica, Barbados, St Lucia, St Vincent and the Grenadines and Trinidad and Tobago.

The Queen will not visit the colonies such as Montserrat, Anguilla or the Turks and Caicos Islands, nor will she visit Jamaica.

Upsurge in violence as Peru poll nears

BY DOREEN GILLESPIE IN LIMA

THE PERUVIAN Government has threatened to call a state of emergency in the middle of the country's presidential and general election campaign if "political agitation" by striking government workers continues.

The threat came earlier this week as the strike by blue and white collar workers entered its third week.

At the same time, there has been an upsurge in violence by the Maoist guerrilla group, Sendero Luminoso (Shining Path), which has led to increased operations by the armed forces. Last week, more than 65 guerrillas were reported killed by government troops in the highlands around Ayacucho, the group's stronghold.

With less than a month before the elections on April 14, opinion polls are giving a clear lead to the centrist Apra party and its 36-year-old presidential candidate Sr Alan Garcia. However, the polls indicate that Sr Garcia is unlikely to obtain the necessary 50 per cent of the vote to avoid a run-off.

At present, the government's conservative Accion Popular Party is trailing badly in the polls and could be beaten into fourth place. The main opposition parties are benefiting from popular discontent with President Fernando Belaunde Terry's policies which are blamed for failing to curb inflation and tackle Peru's four-year-old recession.

The country's 8.5m electorate will be choosing between nine presidential candidates and voting for 180 members of the Lower House of Congress and filling 60 seats in the Senate.

Sr Garcia, a smooth talking lawyer, has been Apra's secretary general sinuce 1982. Apra (Alianza Popular Revolucionaria Americana) has never held power but, in the past five years it has sought to project a more moderete centrist image than it former radical nationalist reputation. Sr Garcia has mede it clear he would like to include independents in any cabinet he might form.

The polls give Sr Barcia between 40 and 45 per cent of the vote, a figure that has been fairly constant since last autumn. His main rival is the Communist mayor of Lima, Sr Alfonso Barrantes, who heads a broad left front of Marxist parties, Izquierda Unida.

Sr Barrantes, a 57 year-old lawyers, was elected mayor of the capital in November, 1983, with 36 per cent of the vote. He has considerable charisma but has lost some support because of his failure to tackle issues like city garbage

Nevertheless, if there is to be a run-off, commentators believe it will be between Sr Garcia and Sr Barrantes.

Sr Garcia is promising to re-activate the depressed economy giving priority to agriculture and fishing. Economists expect an Apra administration would increase price and import controls, tighten foreign exchange restrictions, cut the heavy budget of the armed forces and prune large scale public sector investment projects.

Sr Barrantes has promised a democratic, popular and non-aligned government. He says he will nationalise both the U.S.-based Southern Peru Copper Corporation, which operates the two biggest copper mines in Peru, and the Banco de Credito, the largest privately owned domestic bank.

Sr Barrantes is fighting off a challenge from a former Lima mayor, Sr Luis Bedoya who heads the Convergencia Democrativ Alliance. Formed last year, tha alliance is an amalgam of Sr Bedoya's own pro-business Partido Popular Cristiano and a conservative splinter group of Apra. The former held ministerial posts in the Belaunde government until last year.

The constitution prevents President Belaunde from standing for a consecutive term after his current term ends on July 28. But he is already thought to have his eye on 1990.

WORLD TRADE NEWS

U.S. and USSR to hold top level trade talks

BY OUR TRADE STAFF

THE U.S. and the Soviet Union have ogreed to revive the dormant Joint Commercial Commission, and will hold their first trade talks under the Commission's umbrella since 1978, the year preceding the Soviet invasion of Afghanistan.

The talks will take place in Moscow on May 20-21, and will be conducted under the joint chairmanship of Mr Malcolm Baldrige, the U.S. Commerce Secretary, and under Mr Nikolai Patolichev, the Soviet Foreign Trade Minister.

Washington officials described the talks as the highest-level trade encounter between the two superpowers in seven yeors.

The decision to strengthen formal negotiating ties, was foreshadowed with the visit earlier this year to Moscow of Mr Lionel Olmer, the U.S. Commerce Undersecretary.

Mr Baldrige's announcement follows his recent meeting with Mr Vladimir Shushkov, the Soviet deputy minister of foreign trade.

The Commerce Department said the meeting would be "port of President Ronold Reagan's overall approach to the Soviets of establishing a working relationsbip in all areas, including trade."

The talks would focus on opportunities for expansion of U.S. trade with the Soviet Union in areas that would include food processing, consumer goods, petrochemicals, pulp and paper, and pollution control eqnipment.

"Both sides have agreed that militarily sensitive trade will not be on the agendo in these meetings," he said.

This was in reference to the continuing argument over trade in strategic goods between the members of the Paris-based Co-ordinating Committee (CoCam) and the Soviet Union. A considerable lobby has built up in the U.S. for relaxation of such trade restraints.

Last week the Commerce Department said it intends to allow companies to sell equipment to the Comecon countries if they can prove that the same equipment is available to the Eastern Bloc on world morkets.

It was pointed out that sucb a loosening of ties would not necessarily meon any loosenin of those items on the CoCom restricted list, but would serve to give U.S. companies a freer hand in moving intermediate goods.

Such a move, however, will meet with resistanca within the Pentagon, olthough Mr Baldrige said last week that such an approach would be "cautious" and would not threaten U.S. national security.

In 1984, U.S. exports to the Soviet Union were worth $3.2bn (£2.9bn) with all but $470m of that comprisin grain shipments and other agricultural products. U.S. imports from the Soviet Union came to obout $600m.

Thaw in relations 'offers hi-tech opportunities'

BY NANCY DUNNE IN WASHINGTON

THE APPARENT thaw in U.S.-Soviet relations offers American companies the opportunity to begin joint high technology ventures in health care, energy and environmental protection in Eastern Europe, according to Mr William C. Norris, chairman and chief executive of the U.S.'s Control Data Corporation.

In a speech scheduled for delivery yesterday at tha Duke University Conference on East-West trade in Durham, North Carolina, Mr Norris said ha sensed that "spring is coming" in relations between the two superpowers and that the U.S. had much to gain by commercialising Soviet research.

"The Soviet Union has a large number of the best scientists in many fields—theoretical physics and mothematics to name two," he said. "What the Soviet Union locks is a marketing capability to efficiently commercialise its research."

Control Data had bod many co-operative contocts in Eastern Europe in the past two decades but had had to drastically reduce its activities becouse of the deterioration in U.S.-USSR relotions. The most serious problems in the commercial relationship were generated by U.S. exports controls.

The U.S. must rednce export controls, he said, and instead "move in the direction that will ensure that any transactions with the U.S. transferring important technology will get back equivalent technology."

Soviet ships deal finalised

BY GODFREY GRIMA IN VALETTA

THE Soviet Union has given Malta permission to start work on the construction of eight timber carrier vessels at a cost of $140m (£127m).

Since tha shipbuilding deal was signed in Moscow with former Maltese Premier Mr Dom Mintoff in December, the Soviet Union has been demanding an assurance by Malta that advance payments will be reimbursed should the Island's Marsa shipbuilding yard fail to deliver the vessels.

The Malta Government bas heen dragging its feet but Mr Wistin Abela, development minister, flew to Moscow this week to give the necessary guarantees.

Gandhi opens up electronics industry

By John Elliott in New Delhi

FOREIGN companies are to be encouraged to play a large role in the development of India's emerging electronics industry following the announcement yesterday af a new comprehensive Government policy.

Industrial licensing procednres are to be relaxed for certain areas, in line with broader developments arising from the country's annual budget last Saturday.

Special encouragement is to be given to the development nf manufacturing of consumer items such as digital watches, video recorders and microwave ovens in addition to the help given to the two main areas of computers and telecommunicatinns for which basic policies were announced last year.

The initiotives hove the personal backing of Mr Rajiv Gandhi, Prime Minister, and aim at boosting the country's electronics production from $1.3bn (£1.2bn) a year to $10hn a year by 1990 with goods being developed and monnfactured in India at international levels of price and quality.

In addition, the Government wants dnmestic manufacturing to replace the lorge-scale smnggling into the country of products such as electronic watches, as part of its general attack on corruption and the black economy.

Orders fnr computer systems costing mnre than $3bn are expected to be placed within the next five years. Although the larger more sophisticated equipment will be imported, the Government wants local manufacturers to supply the rest.

Indian railways will be spending $550m, according to government estimates. Other orders will inclnde $400m by the coal industry, $300m by both the steel tndustry and banks, $200m each by government departments and airlines, and $100m by insurance companies.

Indian companies with foreign equity stakes of up to 40 per cent are to be allnwed to produce colour televisions in addition to computers, telecommunications equipment and electronic components. Philips is expected to be a major beneficiary of this change.

Foreign-owned companies (those with more than 40 per cent foreign equity) are to be "welcomed," according to the policy statement, to set up manufacturing facilities for electronic components, materials and other "closely held" products.

Imports of technology are also to be "permitted freely" to help develop "an appropri electronics base."

It is not yet clear what will be permitted. Bnt Mr S. R. Vijayaken, Electronics Secretary, yesterday gave three areas as examples where such a base was need—most telecommunications products, electronics components, and the "lower level of computers."

Paul Cheeseright in Brussels on why a Europe without frontiers remains a dream

EEC takes slow road to border abolition

ERNEST BEVIN had a dream of freedom: "to be oble to take o ticket at Victoria Station and go anywhere I damn well please."

That was 1951. This visinn of a Europe without frontiers remains a dream. True, the Iron Curtain has chinks in it. True, the European Economic Community prescribed in 1958 "the obolition as between member states of the obstacles to the free movement of persons, services and capital."

But woe betide any citizen of the Community who tries to run the gauntlet of bureaucracy and move from one Community country to another without a passport or an identification document.

Now, though, there is something called Citizens' Europe, a vague concept horn in fireside discussions omong Community leaders at a Fontainebleou Chateau during last June. Its brief is the free movemeot of people,, from individuals to football teams and symphony orchestras. Citizens' Europe has them all, designed to take the Community into the heart of its peoples.

As one diplomat put it: "If you're going to bave Citizens' Europe, you bove to allow the citizens to go through the whole of Europe." And there is the focus of discussions now taking ploce in Brussels and capitals around the Ten.

There are three overlapping stronds to these discussions:

● The Adonino Committee, made up of personal representatives of the heads of government and called ofter its Italian chairmsn, will at this month's Community summit produce o report setting out how to eliminate a host of frontier formalities;

● The European Commission in January tabled a proposal designed to dn broadly the same thing and this is being discussed by officials at a rather more technical level than Adonino;

● France, Germany and the Benelux countries—Belgium, the Netherlands and Luxembourg—are negotiating nn their own account to put into practice o political agreement to scrap police and customs formolities on their common borders

At the root of these discussions is the Franco-German technique ond experience gained from o bilateral agreemeot reached in July, 1984, to allow, under certain conditions, each others' citizens to cross a border ot will subject only to spot checks.

But this in turn builds on the experience of Benelux, which in the context of its economic union, has for years ollowed such freedom of movement.

The key symbol, as it is emerging from the discussions, is a green sticker with an "E" on it, ottoched to a car windscreen. It would mean thst all the travellers are EEC citizens and that, for customs purposes, they are not carrying anything outside the legal limits.

Armed with the sticker, a car would be oble to cross a frontier, and not expect to be stopped, except for random checks. If a vehicle is stopped then it would be flagged aside to allow the free movement through the frontier of othar vehicles behind it.

There is the Franco-German example which has been picked up by both the Adonino Committee and the Commission.

Thot is fine for land boundaries, but problems begin to arise at oirports and seaports. For continental Europe such ports ore the entry point often for those coming from outside the Community. For the UK, and to a lesser extent Ireland, the ports are the sole means of entry.

The Adonino Committee is putting more stress on this than the Commission has done, although both fovour adoptiag Community-wide the practice at London's Heathrow where there is a separate channel of entry for EEC citizens. For the Commission, it is simply a matter of baving red and green channels: go down the green channel and the effect would be the same as ottaching the green sticker on a car.

At some stage it is likely that the Adonino report and the Commission proposal will merge into one strand of discussion. Adonino is ready for the summit. The text is settled, save for reservotions from Ireland and Greece.

Because it has been devised by representatives of the leaders, it is expecled to go through the summit on the nod with an instruction to ministers to get the process into effect within o year.

That would be a decisive movement towards the ideal of the Commission—o Europe without frontiers by 1992.

Concern about security is evident in oll three strands of the discussion. This means that, at least, in the British case, there will he an attempt to speed procedures but no desire to lift all controls. There is sympathy with this approach omong the other Nine, not least from France and Germany, based on their experience since last summer.

But the issues of security—which, when pinned down, comes to stopping terrorists rampaging through the Community—points the fact that a relatively simple change of practice on the frontiers sets nff other changes.

In this case it presupposes greater co-operation between police forces, not only on terrorism, but on the trafficking of drugs. As one senior Belgian politician put it: "You get better informotion from the Swiss thsn you ever do from other Community countries."

The Commission has been owore of this and said so. The issue has been taken up by Adonino as part of its longer-range programme.

But Adonino goes further and recommends a start to work on o common visa policy. The logic of that is simple enough. If a foreigner comes into a Community without frontiers then be or she will hove the right to move around freely, but if that is to be the case, then every country has to know that the rights it affords to foreigners are the same throughout.

So far a common visa policy works only among the enelux countries. Extending it opens a Pandora's Box of problems involving citizenship rights.

Earier to bring about is another Adonino point which the summit is expected to occept. This is that the citizens of one EEC country will bave the sama rights of residence in the country of onother. It is a complement to what has existed for 15 years—the right to work throughout the Community.

The right will come with the condition that, in the exercise of it, o person should not be an unreasonable hurden on the public purse of the country chosen for residence.

Such proposals go further than wbot France, Germany and Benelux are proposing to do on their own occount. Although their plan to scrap frontier formolities in on agreement to be reached by the summer is portrayed as being consistent with Community aims as expressed at the Fontainbleau summit, it raises the possibility of a two-speed Europe.

Their oction is in part an expression of frustration at the slow movement of Community-wide oction in this areo. Certainly on the Benelux side there is the desire to use such an ogreement as a motor for the rest of the Community. The point has been taken in Whiteball where some thought is being devoted to how Britain might hitch its wagon to the motor.

Eximbank backs hydro project

THE U.S. Export-Import Bank has signed a $400m (£363m) agreement with Argentina and Poraguay to help finance purchoses of U.S. equipment for a major bydroelectric power project, AP-DJ reports from Washington.

The project will hove a capacity to generate 2,700 Mw of electric power when it is completed in the early 1990s on the Parana River, bordering the two South American countries.

The World Bank and the Inter-American Development Bank (IADB) approved earlier loans to cover part of the costs of consrtucting the dam, highways and other related facilities.

U.S. officials said the Eximbank in late 1981 had tentatively approved a $550m direct loan to Entidad Binacional Yacreta, the Argentine-Paraguayan joint commission responsible for the project. The Commission subsequently scaled down the loan request to $400m.

The loan is to help finance purchases of power plant turbines to be supplied by Allis-Chalmers, as well as equipment from several other U.S. manufacturers.

● The World Bank has approved a $126m loan to China for a mechanised coal-mining project.

An underground mine and related focilities will be constructed in Shanxi Province by the Luan Coal Industrial Company (CIC).

The Bank said the mine will bave o capacity to produce about 4.5m tons of coal o year.

The cost of the project is estimated at $357m. The Chinese Government will provide most of the financing.

Seoul scales down nuclear power plans

By Steven B. Butler in Seoul

THE SOUTH Korean Government has scaled back ambitious plans to expand its nuclear energy programme. It will build two out of an initially-planned four reactors, to give the country 11 nuclear power units by the end of 1996.

The decision ends a long debate within the Government over the economic advantages of nuclear power. The nation's economic planners in recent years have continuously revised downward their forecasts for the growth of energy demand in the country.

Construction of the two plants is scheduled to start in 1988, with completion set for 1995-96.

A bidding schedule on the plants bas not been announced, although one industry source said be expected bidding might taka place ot the end of the year.

South Korea has three plonts in operation, and another six are to be completed by 1989. After completion of the plants in 1996, nuclear energy will supply one-third of the nstion's electricity needs, up from a current 13.5 per cent.

The Ministry of Energy Resources said 17 power plants would be built in the 1991-96 period. The Two nuclear plants would have a generating capacity of 900 Mw each. There will be 12 500 Mw capacity plants fired with bituminous coal, and three hydro-power plants.

The completion of all five plants will give South Korea a generating capacity of 28,263 Mw.

TECHNOLOGY

EDITED BY ALAN CANE

NOVEL TECHNIQUES IN DIAGNOSTICS COULD PICK OUT DISORDERS AT AN EARLIER STAGE

Proteins warn of kidney disease

BY PETER MARSH

TWO MEDICAL companies are working on novel techniques in protein chemistry that could usher in new ways to treat kidney disease and save from early deaths thousands of people who suffer from diabetes.

The foray into this technology could turn into a David and Goliath battle between Cambridge Life Sciences, a small biotechnology company in Cambridge set up four years ago, and Miles Laboratories, a big American pharmaceutical concern.

Two companies have announced techniques to monitor tiny quantities of a protein called albumin.

Both have announced techniques to monitor tiny quantities of a protein called albumin whose presence in urine can be an early sign of a kidney disorder.

In healthy people the protein, present naturally in the blood, is trapped by microscopic filtering units in the kidneys called nephrons and is then returned to the vascular system. Only a small amount (of the order of a few milligrams a day) leaks out with waste materials into the urine and is lost to the body.

If the nephrons fail for any reason to do their job properly, relatively large volumes of albumin find their way into the urine and can be detected by chemical tests.

Besides indicating problems with the kidneys, loss of albumin in this way could have other effects. Albumin is the most abundant of the proteins dissolved in the blood and is important in keeping np the supply of nutrients to the outer reaches of the body via the vascular system.

While physicians already have at their disposal techniques to spot concentrations of albumin of about 300 milligrams a litre, they would like to find simple, reliable ways to spot much lower concentrations.

With such techniques, doctors could monitor the urine of men and women suffering from diseases such as diabetes (which is often accompanied by kidney disorders) to check in which patients the condition of this organ is deteriorating.

The qoest is far from academic in the case of diabetics, who make np roughly 2 per cent of the population of developed countries.

According to medical statisticians, roughly 150,000 out of Britain's 1m or so people with diabetes are likely to incur kidney disease at a relative early age. Many die as a result.

If doctors could screen people with diabetes with albumin-monitoring techniques, they would have a chance (health-service cuts permitting) to treat the deterioration of the kidneys before the condition became acute, for instance with drugs or with extra boosts of insulin.

The efforts by the British and American companies both aim to improve on the current main method to monitor albumin, for which Miles Laboratories is responsible. In a test sold by the company called Albustix, a small cellnlose pad on a strip of plastic is dipped into urine.

Any albumin in the liquid forms a complex chemical with a dye impregnated in the pad, changing the dye's yellow colour. At a few pence each, the strips are cheap enough for doctors to issue them in large numbers to diabetics considered to have a high risk of kidney failure, who monitor their urine at home.

But the detection technique is relatively crude and cannot spot concentrations of the protein below about 300 milligrama a litre.

Researchers at Miles's laboratories in Elkhart, Indiana, are working on a tablet impregnated with dye that, in urine, selectively bonds to albumin molecules, resultiog in a colour change. Although the company is giving away few details of how the tablet works, it says that the technique should be more sensitive than Albustix to low levels of the protein.

Miles plans to sell the tablets by the summer, making them in a factory in Bridgend, Wales. The company is conducting trials of its new product with patients at Guy's Hospital in London and at hospitals in Oxford and Nottingham. Early indications are that the tablets could cost about 10p each.

The process under development by Cambridge Life Sciences is based on an immunoassay technique. Kits based on the process are due to go on sale next month. In the kits, urine is mixed with a chemical reagent on a small piece of plastic.

The reagent contains antibodies (particular forms of protein) that bond selectively to a specific substance, in this case albumin. If the latter is present in the urine, a biochemical reaction lakes place in which antibody-albumin chains link up to form large polymers, visible to the naked eye as flecks of white.

If the test (which would normally be carried out by a doctor in an out-patient's clinic) proves positive, the patient's urine contains albumin levels greater than 30-60 milligrams a litre. To obtain an exact reading, a further sample of nrine would be sent to a laboratory for more specific analysis.

The latter could be a fluoroimmunoassay technique, in which an antibody "tagged" with a chemical that reflects light in a specific way reacts selectively with the albumin. A researcher then with a fluorescence meter beams light at the resulting mixture—the amount of radiation that is reflected indicates the quantity of protein.

The efforts by the British and American companies aim to improve on the current method to monitor albumin.

According to Cambridge Life Sciences, the cost of the first stage of the test using the plastic sheet will work out at 40-80 pence a sample. The fluoroimmunoassay test could cost about £1 for each specimen of urine.

Statistics of kidney failure in diabetics

THREE groops of doctors in Britain, the U.S. and Denmark are assessing techniqnes to improve the position of diabetics suffering from early signs of kidney failure.

By drug treatment or extra doses of insulin, it may be possible to reverse the slide into kidney failure that affects a large proportion of people with diabetes.

In Britain, between 400 and 1,000 diabetics suffer kidney failure each year, according to medical statisticians. This is out of a total of about 1,800 people who come into this category for any reason.

Such men and women either die, receive transplants or are put on dialysis machines. Figures for the UK are difficult to obtain, bnt according to a U.S. National Institutes of Health survey the cost of treating renal-failure patients in America in 1982 came to $1bn.

Thus efforts to rednce the numbers of diabetics who suffer from such a condition could reduce the strain on the departments of hospitals that operate dialysis machines and cut costs for health-care administrators.

In the new studies, doctors are examining diabetics who have high levels of albumin in their urine—the presence of the protein is an early indicator of kidney failure. Medical workers will examine whether special forms of treatment can rednce the protein levels and arrest the progress of the disease.

The trials in Britain, funded by the Department of Health and Social Security, are organised by Guy's Hospital in London. Other hospitals in London, Newcastle-upon-Tyne and Poole, Dorset, are participating.

In the U.S., the National Institutes of Health are organising a similar trial involving about 20 hospitals. The third study is at the Steno Memorial Hospital in Copenhagen.

In the process that causes albumin to "leak" from the blood stream into the urine, microscopic channels called glomeruli in the kidneys become clogged with fatty deposits. This upsets the function of filtering units called nephrons, of which each kidney contains about a million. Nephrons filter blood to separate useful entities such as proteins, which are normally recycled, from the body's waste products which are discharged in the urine.

Washers

Diaphragm pump

A £250,000 development programme has led to the production of a three diaphragm pump for high pressure washers. The work has been carried out by the Warwick Pump and Engineering Company.

These pumps are lighter, more efficient and have fewer moving parts than either two diaphragm or piston pumps.

The principle behind the operation is that a hydraulic pump is used to operate three thick diaphragms in succession which forces water out through a reed valve outlet. When the oil pressure on the diaphragm is relaxed, it returns to its original shape, and in doing so, draws water through an inlet valve. More details from the company in Berinsfield, Oxford on 0865 340322.

GENETICS

Detecting defects

A BRITISH company is now taking orders for a machine which will help laboratory technicians to diagnose genetic defects. It can be used for pre-natal and post-natal diagnosis to identify chromosome abnormalities such as mongolism. And the analysis of the blood of selected, potential parents helps doctors predict whether they are likely to have abnormal children.

Such a machine is now under trial at the Radiological Protection Unit, Harwell. Here technicians are looking for evidence of genetic damage to people who are suspected to have been exposed to an overdose of radiation. This type of machine would facilitate screening of whole population where, for example, there had been accidental contamination by toxic chemicals.

In order to analyse gentic material the technician must first identify cells in which the chromosomes are dividing. Finding such cells is time consuming and tedious. The "Cytoscan" automatically locates these cells spreads and presents them to the technician for review. Subsequent analysis is semi-automatic under control of the operator.

The "Cytoscan" which sells at $175,000 has been developed by the Image Analysis Division of Shandon Southern Products within the Life Sciences Division of Phicom PLC.

A Nikon inverted microscope has been adapted by the Pattern Recognition Centre of the Edinburgh Clinical and Population Cytogenetics Unit. The microscope scans for cells of high optical density and light signals are detected by a linear array diode containing 1,024 photosensitive elements.

Shandon hopes to place three or four "Cytoscans" on trial with customers during 1985. These will be in Europe and the U.S. with at least one machine in this country. The company will commit up to £5m during the first five years of the project, much of which will be spent on research.

The company is now actively recruiting staff. 300-500 people will be needed to develop and manufacture the machine and most will be UK based. Manufacturing will continue to be undertaken by Shandon Products in Runcorn although marketing and technical development will be taken over by an autonomous unit within the Life Sciences Division of Phicom PLC.

ELECTRONIC MAPS IN CARS

Route guidance

THE JAPANESE may be on the way to solving the cost problems associated with navigating delivery vans and providing the driver with route information.

At the Tsukuba branch of the Seibu department store, one of the delivery vans already has a map display terminal showing delivery details which Nissan, the company that supplied it, says will allow speedy, error-free deliveries to be made by drivers who are not familiar with the business or the routes.

Called Delivery Navigation System, it makes use of customer data stored in a main computer at the depot, recording on to a floppy disk for each driver to take at the start of his work. The driver inserts the disk into a drive in the cab and a colour screen then displays a delivery list, sequences and maps allowing deliveries to be made in the most efficient order and along the best route.

The driver checks off deliveries on the screen using a light pen and the system is capable of handling payment receipt data and orders.

For drivers unfamiliar with the ronte, the system makes use of the Loran C navigation signals that blanket Japan and are normally used to give positional data to ships and aircraft.

Basically, the system measures the time differences between signals arriving from three special low frequency transmitters of known location and uses them to calculate the vehicle's position, which it marks electronically on the map display. Nissan is at 17-1 Ginza 6-Chorne, Chuo-ku, Tokyo (from the UK, 010 S 13 543 5523).

COMMUNICATIONS

Computer exchanges

THE EMERGENCE of the PABX (private automatic branch exchange) as a data switch as well as a voice switch continues, with the launch by Ferranti GTE of OMNI, which offers efficient switching for telephones and computers but needs no special cabling.

Within the exchange, voice and data each have a separate data highway (bus), but transmission to and from phones and terminals is over the usual pair telephone lines. Computers and telephones can be plugged into the same telephone socket and communicate externally or internally through the PABX without slowing traffic on either channel.

Internally, the OMNI uses packet switching for data and circuit switching for voice. Each extension line is connected to a single input and the line can carry voice and data at the same time. A line card at each input separates voice (digital, using pulse code modulation) and data (digital using ticket transmission) on to the two buses for separate switching.

OMNI will connect to all X25 compatable networks and data equipment.

For voice working, the PABX has all the usual facilities available by virtue of its stored programmed design, ranging from conferencing to abbreviated dialling. Ferranti GTE is in Manchester on 061-682 4000.

Television

Satellite receiver

THE ITALIAN subsidiary of International Telephone and Telegraph (ITT), Industrie Face Standard, is to market a satellite television receiver "add-on" which will enable viewers to pick up transmissions from direct broadcast satellites.

ITT forecasts that there will be a market for 9m such devices in Italy, France and Germany alone.

The system consists of a dish aerial mounted outside the home connected to an indoor device mounted on or near to the existing TV receiver and connected to it.

EUROPEAN INDUSTRY

David Housego reports on a leading group's return to financial health

DMC highlights recovery in French textiles

THE STORY of the recovery of Dollfus — Mieg and Cie (DMC) France's number two textile producer, is symbolic of a turnaround in the French textile industry.

DMC, which is one of Europe's largest producers of thread and fabrics, was close to bankruptcy in 1981, under the impact of economic recession and cheap imports from the Far East. Losses amounted to FFr 20m ($2m) on a turnover of FFr 5.2bn ($500m). But short and long-term deht had climbed to over FFr 2bo giving rise to financial charges equivalent to 7 per cent of sales.

Final results for last year have not been declared, but the group expects that profits will be up on its published forecast of FFr 54bo and that the improvement will continue this year. The recovery comes despite a 4 per cent fall in the French textile market in 1984, following a 3 per cent decline in 1983.

DMC is no isolated example of the turnaround in the French textile sector; the most vigorous sign has been the growing number of profitable smaller ventures like Devanlay and Poron, whieh have been seeking listings on the French secondary market as a source of new equity funds.

Of the major groups, Prouvoust, the largest French textile manufacturer, is making comfortable profits again and Boussac, for long the dark symbol of the industry's problems, is beginning to turn the corner. M. Julien Charlier, ehairman of DMC, recently took on the joh of technical adviser to Boussac, whieh will give DMC the possibility at a later date of acquiring Boussac's household linen and clothing fabrics activities.

DMC's two major ectivities are the manufacture of thread (including needlework threads sales of which have been enjoying a boom in the U.S.) and of medium-to-high quality fabrics, mainly for women'a light clothing. It also owns Descamps, the main French brand name in bousehold linen.

A third of DMC's current turnover of about FFr 6bn a year (as well as of its output) comes from France. A further third of turnover and output is derived from West Germany and other parts of Europe, while the rest largely stems from the U.S.

DMC's objective is to move up-market in its product range, manufacturing thread and fabrics of a quality, colour range, resistance, and fineness that low cost exporters from the Far East cannot match. One of its claimed strengths is the wide range of dress fabrics that it can offer and the creativity and inventiveness of its designing team. The group is moving, as well, into heavier fabrics and cloth for men's wear.

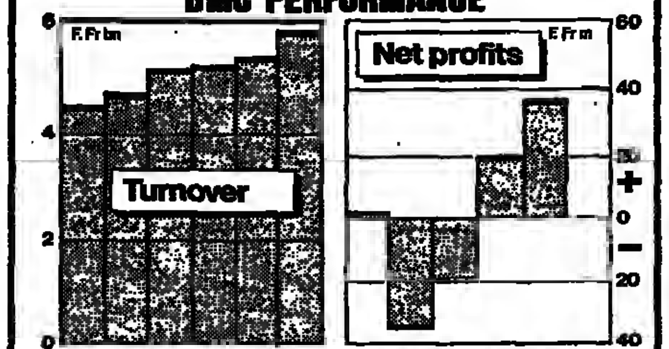
As a widely spread and loosely organised group put together through successive mergers and acquisitions, DMC hegan to retrench in 1975 when it first ran into trouble. But the situetion deterioreted with growing losses in 1980 and sharply increased debts.

The group's bankers and IDI, the state owned investment institution, called for fresh management as the price of continuing assistance. It was thus, in 1981, that M. Julien Cherlier, a former head of the medical division at General Electrie of the U.S., and afterwards chairman of Cockerill, the Belgium steel concern, took charge of the group.

Among the changes that followed have been:

● A major shake-up in the management of the group. Of the top 20-30 executives, two thirds have been replaced with new recruits drawn from a wide variety of industrial and international backgrounds; iocluding Corning Glass, of the U.S., Hachette, the French publisher; Matra, the French electronics group; and a U.S. management consultancy.

Instead of the largely independent divisions that characterised the structure of the group, M. Charlier has imposed a more centralised control of management and decision making.



● Tighter financial and Bodgetary monitoring—made possible hy a complete overheul of the group's use of computerised information. Instead of the four or five compoter systems previously employed within the company—by no means all compatible with each other—the group now uses an IBM system throughout.

● The shedding of all ectivities not ceotral to the group's main interests. As DMC diversified in the 1960s and early 1970s, it invested in a magazine printing works, luxury shops, department stores in West Germany and the production of items like belts and bracers. All these subsidiary interests have gone.

● The workforce has been cut back from 22,000 four years ago to 13,000.

● Investments have been maintained at a high level, both to increase productivity and to improve the quality of its products. After investing FFr 118m in 1982 and FFr 161m in 1983, the group invested about FFr 200m last year. Investments have been paid for from cash flow, without increesing debt.

● Part of the group's debt has been consolidated, and maturities have been lengthening. The company's hanks agreed to consolidate FFr 328m of debt and the Government provided FFr 200m in long-term low-interest subordinated loans.

DMC's worst difficulties stemmed from its French fabrics division Texunion, which contributed FFr 90m to losses in 1981, and was FFr 31m in the red in 1983 on a turnover of FFr 2bn.

Texunion had invested heavily in printed fabrics et a time when they were strongly in fashion, in 1979. When printed cloth for women's clothing became less fashionable, it was left with large surplus capacity. This has been modified to a point where the group is short of capacity as part of a strategic decision not to compete in the low quality fabrics market.

Bot Texunion has still been suffering from losses run up by Descamps, the household linen company which has stores scattered across the world. Descamps' losses have reflected both the downturn in the French market aod dumping by the Boussac group which DMC reckons has cost it FFr 50m. This will cease with M Charlier having taken np the post of technical adviser to Boussac aod with DMC consequently being given the possibility of taking over Boussac's household linen division.

In restructuring its French activities, DMC also benefited from a FFr 20m-FFr 30m reduction in social security eosts accorded by the French Government. This assistance, available to all French textile producers who mede investments and gueranteed to minimise cut backs in the workforce, was condemned by the European Commission, as distorting competition, and was dropped in the middle of last year. M Jean-Clande Bardin, the group's finance director, says that in part it hindered restructuring, as it encouraged the group to invest more than it shoold, while diminishing the cutback in the workforce.

Optimism is based not only on the ratiooalisations that have taken plaee or are in the pipelioe. Financial charges as a percentage of turnover fell from 7 per eent in 1981 to 4.7 per cent in 1983. M Bardin says that in the short term, 4 per cent is a "legitimate objective."

UK NEWS

Short clinches RAF contract for aircraft

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SHORT BROTHERS, the Belfast-based aerospace manufacturer, has won the Government's competition to build the next basic trainer for the Royal Air Force with the Brazilian Embraer-designed Tucano. It will use the U.S. Garrett TPE-331-12B turbo-propeller engine.

The Ministry of Defence will now enter detailed negotiations with Shorts on the £125m fixed-price contract, covering up to 130 aircraft. They are needed to replace ageing Jet Provosts in RAF service.

Announcing the decision in the House of Commons yesterday, Mr Michael Heseltine, Defence Secretary, said that the fierce competition for the deal between the Tucano and the Swiss-designed Pilatus PC-9, offered by British Aerospace, had cut the cost of the venture to the RAF by up to 35 per cent, or about £60m, from the original estimate of more than £180m.

Mr Heseltine said that the two final contestants (out of an original list of nearly 20 aircraft) were evenly balanced in performance terms, and cost had been the deciding factor.

The other two aircraft on the penultimate short-list of four – the British-designed Hunting Firecracker and the Australian Wamira II, supported by Westland Aircraft of Yeovil – had been too costly. The Shorts-Embraer Tucano was cheaper by a clear margin.

Mr Heseltine said that the decision should result in at least 1,100 new jobs for Shorts in Belfast directly. The company, however, believes that additional jobs required for systems and equipment, and the extra work that the Garrett engine will provide, could result in 2,400 new jobs, if RAF orders and potential export sales are taken into account.

Rolls-Royce will also share in the deal, since Garrett of the U.S. has a Memorandum of Understanding giving Rolls-Royce a one third share of the production work on the engine. Rolls will also support the engine in service, and become an overhaul and repair organisation in the UK for all Garrett engines.

Sir Philip Foreman, chairman of Shorts, yesterday described the contract as a "turning point" for the company.

Higher defence profits urged

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE UK Government has been recommended to allow increased profits for defence companies on non-competitive government contracts.

The recommendations come from the official Review Board for Government Contracts. If accepted by the Government, the new rates could add £50m a year to the Defence Ministry's arms bill, currently just under £8bn a year.

The review board's recommendations have come as a blow to tha Government which only a year ago earned an accolade from the influantial House of Commons Public Accounts Committee (PAC) by lowering the profit rate on non-competitive contracts. The ministry estimated at the time that this could save an annual £70m.

A team of Treasury officials is due to meet industry representatives early next week.

The Treasury is not bound to accept the review board's recommendations but it normally does. Officials are believed to be studying ways of offsetting the increases, rather than refusing them outright.

The likely conflict with industry over the recommendations comes at an embarrassing time for Mr Michael Heseltine, the Defence Secretary, whose major policy initiative over the past two years has been an effort to increase competition among defence contractors and toughen the terms of defence contracting.

The PAC has been particularly critical of the "windfall" profits which it claims defence industries have enjoyed in recent years. Earlier this month Sir Gordon Downey, UK Comptroller and Auditor General, estimated the windfall amounted to £300m between 1980–84.

The rules governing the profits which companies are allowed to make on non-competitive contracts are the most complex end controversial of the Government's financial arrangements with industry. No recent figures have been issued, but despite the competition policies, it is thought that at least 60 per cent of procurement contracts are still let non-competitively.

The ground rula of the profit formula is that the return on non-competitive contracts should be broadly comparable to the return available to industry in the rest of the economy.

The review board was set up as the main regulatory body for non-competitive contracts in 1968, following the discovery of runaway profits in tha defance field. It last reported a year ago. Its recommendations, accepted by Government, were that companies should earn a return on capital employed of 15.5 per cent (on an historic basis), a reduction from the previous 20 per cent.

FT links with Conde Nast in new venture

Financial Times Reporter

THE FINANCIAL Times is to launch a monthly business magazine in association with Conde Nast Publications, later this year.

The magazine, to be called Business People, will be aimed mainly at senior business executives based in Britain, but will also have a strong international flavour.

Mr Frank Barlow, chief executive of the FT said yesterday thet the magazine would bring together the editorial quality of the Financial Times and the presentation of Conde Nast.

Other Conde Nast publications include Tatler and Vogue, and in the U.S. it recently acquired the New Yorker magazine. A new company will be formed to publish Business People. Conde Nast will have a 60 per cent stake, and the FT 40 per cent.

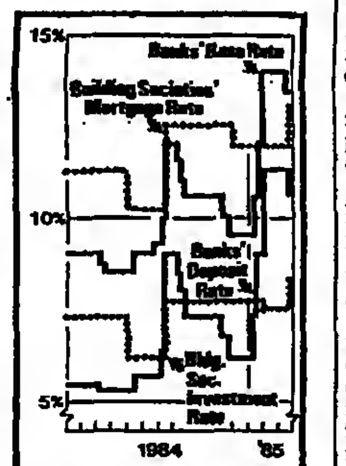
Mr Barlow said that Mr Kevin Kelly, at present publisher of The World of Interiors magazine would be managing director of the new company, and publisher of Business People. Mr Kelly will own a one-third stake of the Conde Nast holding.

The magazine will contain about 160 colour pages and have a cover price of £2.

Building societies lift mortgage rate

BY MARGARET HUGHES

BUILDING SOCIETIES decided yesterday to increase their mortgage rate by around one percentage point and their investment rates by three quarters of a percentage point. It is highly likely, however, that some of the major societies may go for a slightly larger mortgage rise which, they argue, is needed to maintain an adequate margin.



It is expected that the largest society, the Halifax, may well take the lead in doing so when it announces its rates today.

Mr Herbert Walden, chairman of the Building Societies Association (BSA) said yesterday that there was no prospect of reducing rates unless banks base rates came down by a further 1.5 percentage points. It had been hoped that Wednesday's half percentage point cut in the banks' rates might have at least deferred an increase in the mortgage rate.

The rise in mortgage rates came under attack in the House of Commons yesterday. Mr Roy Hattersley, shadow Chancellor of the Exchequer, claimed that the rise would wipe out the budget income tax cuts. A ona percentage rise in tha mortgage rate will increase the inflation rate by 0.3 per cent over two to three months.

Mr Walden said that the societies had no alternative but to increase their rates since their inflows had suffered substantially after they had increased their rates by only around 1 per cent last January, while bank base rates had gone up by 4.5 percentage points.

The drop in the inflow of funds was likely to bring this month's level to below £300m and now threatened societies' ability to meet mortgage demand.

Producers may fill gap left by BNOC

By Dominic Lawson

NORTH SEA oil producers without refining and marketing operations are considering setting up a new company to handle the disposal of their North Sea oil, after the abolition of the British National Oil Corporation (BNOC).

About 20 oil companies met yesterday to consider the idea, which was originally proposed by County Bank, the merchant banking arm of NatWest, and Fielding Newson-Smith, a stockbroking firm highly regarded for its analysis of the oil market.

The abolition of BNOC, announced last week by the Government has shaken many of the small North Sea producers. They fear that without BNOC they will be able to sell their oil only through the majors, who will be in a position to strike a hard bargain.

Such companies feel that they are too small to set up individually to warrant a trading arm, but that their combined output would make such an operation feasible.

Tha agency would not speculate, and was referred to yesterday as "a non-risk trading agency." The meeting agreed that there might be substantial benefit from such an organisation and further discussions will take place soon.

However, a few of tha independent North Sea producers feel that they could take on the trading of smaller producers' oil themselves. Although BNOC had the right to buy up to 51 per cent of North Sea oil production, many North Sea companies, some as larga as Ultramar and Burmah Oil, found it convenient to sell all their oil to BNOC.

Wage council system set for reform

A GOVERNMENT Green Paper (discussion document) yesterday made clear that it intends to renounce the international labour conventions which cover wages councils. This would give the Government the flexibility to reform or abolish the bodies which set minimum pay rates for some of the lowest-paid workers.

Mr Tom King, Employment Secretary, said the councils had a particularly malign effect on the employment of young people.

His announcement was denounced by Mr John Prescott, the Labour employment spokesman, as "a shameful attempt to cut the wages of some of the lowest paid sections of our community."

Mr Bill Whately, general secretary of the shopworkers' union Usdaw – many of whose members are covered by the councils – said his members could be "plunged back into a Dickensian world of less money for poorer conditions."

□ A DEVELOPMENT fund has been launched to channel institutional investment into promising Northern Ireland companies.

Ulster Development capital will raise £5m from its shareholders, who include Ulster Investment Bank, four life insurance companies, two pension funds and the Industrial Development Board for Northern Ireland.

□ RANKS Hovis McDougall, the baking and food group, is to launch the first chain of Mexican food restaurants in Britain as part of a joint venture with Chi-Chi's, of Lousville, Kentucky. It is also in talks to form a further joint venture to handle Wendy's U.S. hamburger franchise in the south of England.

□ MIDLAND Bank and the Tesco supermarket chain are linking up to provide in-store banking at three Tesco branches in a pilot scheme which may be extended to all new Tesco superstores.

Barclays Bank already provides in-store banking at a superstore operated by the Asda chain. Asda also has 20 building society branches at other stores.

□ THERE IS a strong case for banning spraying from the air in the UK and immediate steps should be taken to provide greater protection for people, according to a report by the British Soil Association.

"Aerial spraying only makes up 2 per cent of British pesticide application, although it generates a far higher proportion of complaints about its application and safety," the report says.

□ SONY, tha Japanese consumer electronics company, launched the first of the new generation of 8mm video cameras and recorders to become available in Britain.

□ BRITISH Airways expects to be carrying up to 40m passengers a year – about twice its present level – by the end of the century, Lord King, chairman, said in a lecture to the Royal Aeronautical Society.

□ A REPORT in Wednesday's paper of that section of the budget speech dealing with the changes in National Insurance quoted the Chancellor of the Exchequer as saying: "I do not propose to abolish the upper earnings limit for employers' contributions." This should have read employees' contributions. We apologise for this typographical error.

Deadline imposed for channel-link proposals

BY ANDREW TAYLOR

BRITISH and French promotors of plans to build a fixed link across the channel between the two countries have been given seven months to submit detailed proposals, including financial arrangements, to both governments.

A joint statement issued by the two governments yesterday said that plans must be submitted by October 31. Transport ministers hoped to be able to decide whether to give the go-ahead to a scheme by the end of this year.

Detailed guidelines setting out the financial, technical and safety requirements schemes they will have to satisfy will be published in the next two weeks.

The guidelines, prepared by senior British and French civil servants were endorsed at a meeting between Mr Nicholas Ridley, the British Transport Secretary and M Jean Auroux, his French counterpart, in London on Wednesday.

Plans to build a fixed link are approaching a crucial phase with both governments aware that key decisions must be made shortly if the necessary treaties and legislation are to be in place by the end of this UK parliamentary session.

Several consortia of leading British and French companies, financial institutions and nationalised industries have already announced they will submit plans. Among front runners are:

- The Channel Tunnel Group, proposing a twin-bore rail tunnel and representing construction companies Wimpey, Costain, Tarmac, Taylor Woodrow, Balfour Beatty.
- Euroroute which proposes a road and rail scheme involving a combination of bridges and tunnels linked mid-channel by artificial islands. Consortium members include: British Steel, British Shipbuilders, Trafalgar House, John Howard and Fairclough Construction, Société Générale the banking group, GTM Entrepose civil engineers and Chantiers de l'Atlantique, the nationalised shipbuilders.

European 'fight to save yards'

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITAIN and other European countries intended to fight hard to preserve their shipbuilding industries in the face of low-price Far Eastern competition, Mr Norman Lamont, Industry Minister, said yesterday.

"It is only when fair and economic prices are being quoted in the Far East that European subsidies will fall," he told the Seatrade shipping conference in London.

He was speaking in a week when state-owned British Shipbuilders (BS) announced a further £45m order, for a crane-ship to be built in Sunderland, to bring its total for this year up to nearly £170m on the merchant side.

Mr Lamont said the UK, French and Italian governments were seeking approval from the EEC Commission to improve subsidies. "We cannot allow the precipitate collapse of the European industry for obvious social reasons."

He gave no details, but both the Government and BS have said they want to be able to use more subsidy money to cut the price gap on individual orders with Asian yards.

It was not unfair to interpret the present low Far Eastern prices for ships and oil rigs as being designed to make life tough for yards elsewhere." If you are a market leader in any industry where the market is thin, it is tempting to use your capacity and your clout to bring prices down so far that you drive your competitors out of business," he said. "European governments will not in general be prepared to see their industries driven out of business."

Noting that Far Eastern shipbuilders – Japan and South Korea are the world leaders – did not operate subsidies as in Europe, he said their structure and the nature of government involvement gave them an advantage.

Judgment closes wine industry taxation loophole

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THANKS TO an astute employee with a turn for mathematics, Cinzano (UK) could save £3.06m a year in excise duty on vermouth imported into the UK, five Law Lords ruled yesterday.

Thanks to Mr Nigel Lawson, Chancellor of the Exchequer, however, Cinzano will not taste the fruits of its legal victory.

The Law Lords dismissed a Customs and Excise appeal against a Court of Appeal ruling that, if Cinzano blended high and low strength imported wines, it would not be "producing" wine and attracting further duty.

Unfortunately for Cinzano, in his budget on Tuesday the Chancellor changed the law so that such blending will be classified as production and taxed accordingly.

Giving the judgment, Lord Brightman said that the duty payable on imported wine under the 1979 Alcoholic Liquor Duties Act depended on its alcoholic strength.

Cinzano had been importing and selling vermouth with a strength of 15 to 18 per cent and paying the appropriate duty.

"A year ago, some astute person in Cinzano with a turn for mathematics calculated that if vermouth were imported in two different strengths, at 15 per cent and 18 to 22 per cent, duty being paid at the appropriate rates, and if the high and low strength wines were then mixed together outside the bonded warehouse in the proportions 44:56, so as to result in a vermouth of the accustomed strength, a saving in excise duty of no less than £3.06m would be achieved on the 1.3m cases which Cinzano expect to market each year," he said.

Lord Brightman added that the Customs and Excise had decided that the blending process would represent "the production of wine" and attract extra duty.

The High Court agreed, but its decision against Cinzano was overturned by the Appeal Court.

Lord Brightman said that, despite the spirited, ingenious and tenacious argument of counsel for the Customs and Excise, he had no doubt that when wine was obtained from the alcoholic fermentation of grapes it was "produced," and was not again "produced" because two wines so obtained were then blended into one.

The Customs and Excise said yesterday that the budget law change would block a loophole which had cost the exchequer about £10m a year.

Lloyd's backs call to enter EMS

BY QUENTIN PEEL IN BRUSSELS

LLOYD'S of London yesterday lent its weight to the campaign for sterling to join the exchange rate mechanism of the European Monetary System and held out the prospect of insurance policies being denominated in European Currency Units (Ecus) in the near future.

Mr Peter Miller, the chairman of Lloyd's, gave the official attitude of the insurance market after a meeting with members of the European Commission in Brussels.

He called for renewed efforts to remove barriers to an EEC-wide market for insurance and other financial services, currently blocked by disagreement in the EEC Council of Ministers, and pending judgment on four key insurance cases being heard by the European Court of Justice.

Mr Miller revealed that the court had decided to hear all four cases together, a decision he welcomed as likely to reinforce the strength of a judgment in favour of opening up the insurance market.

He said Lloyd's had agreed Britain should join the EMS fully, through the participation of sterling in the so-called currency snake, because of the benefits this would bring to insurers.

"All insurers of an international kind trade very largely with the U.S., but the recent behaviour of the dollar has made it very difficult to measure what your total exposure in the market should be.

"We ought, therefore, to be joining this basket of currencies, because it must move more sluggishly than a single currency. It is also an earnest of true European co-operation."

He said he also expected to see Ecu-denominated insurance policies, and he saw "no reason why Lloyd's should not welcome that development."

If a manufacturer borrowed in Ecus to build a factory," it is only logical that he should then insure the factory in Ecus," he said.

Mr Miller, who yesterday met Lord Cockfield, the Commissioner responsible for the internal market, including financial services, said the four court cases in Luxembourg would be "landmark cases" for the industry.

The first cases, brought by the European Commission against France and Denmark for placing restrictions on co-insurance operations, were to be held next week. They will now be held with a co-insurance case against Ireland, and a further case against West Germany for preventing an insurance broker from placing business on the London market. The finding is expected in October.

The court move meant that a total of 36 hours of oral hearing would be held, allowing the whole question of barriers to the open market to be exhaustively explored, he said.

"It is clear that there are very strong interests which want to keep the status quo, but the Commission has brought the cases under the Treaty of Rome. I refuse to contemplate the possibility that they might be lost."

He said there was a groundswell of political support for removing the barriers to financial services and predicted that the Council of Ministers would lift its blockage on a new directive within two years.

BL will manufacture Honda transmission

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER, BL's volume car subsidiary, is to spend £15m to produce under licence from Honda the five-speed, front-wheel-drive transmission at present imported from Japan for use in some Maestro and Montego models and the Rover 216.

The company says that the project will create 400 jobs, most of them at Longbridge, Birmingham, but including 50 at a nearby components plant.

Output of the UK version of the transmission will begin in the summer of 1986 building up to a rate of more than 100,000 a year. Austin Rover says the transmission will also be employed in future products and output could rise to 250,000.

The deal takes Austin Rover's relationship with Honda one step further. The company already produces under licence from the Japanese concern the Rover 200 series models, based on the Honda Ballade, and the two organisations are co-operating on the development – and later production – of an executive car, the XX.

By building a Honda transmission under licence, Austin Rover has saved itself development and tooling costs of about £100m. The UK company also uses a transmission bought from Volkswagen in West Germany in some Maestro models.

Japanese companies, including Honda itself, will supply about a quarter of the £15m-worth of equipment used to build the Japanese transmission.

Mr Harold Musgrove, Austin Rover's chairman, said yesterday that UK suppliers would have the chance to compete for nearly 90 per cent of the raw materials and components needed for the transmissions.

"The contract is another successful result of Austin Rover's collaboration with Honda," he said. "It demonstrates our commitment to retaining manufacturing capability in the UK."

UK NEWS

Television groups hit by 'serious decline' in revenues

BY RAYMOND SNODDY

INDEPENDENT television companies (ITV) had another disappointing month in February – the fifth month in a row of static or even declining revenue.

Advertising revenue for the month totalled £64.29m, a decline of 7.6 per cent on the same period last year. The total was worse than most forecasts.

For the past five months ITV revenue has totalled £406m, a drop of £1.7m on the same period a year ago. Mr David Shaw, general secretary of the Independent Television Companies Association (ITCA), said yesterday that the reasons for the sharp fall-off in revenue growth were not fully understood.

"Last autumn was so high it may be this is a plateau from which we won't shift dramatically. We may be entering a period of small gains on a yearly basis," Mr Shaw said.

Growth of advertising revenue of only 2 per cent for calendar year 1985 is now being forecast. Mr Paul Fox, managing director of Yorkshire Television said yesterday there was no rational explanation for the "very serious decline."

"Now that the miners' strike and the budget are out of the way we ought to enter an era when advertising will look up and I hope it will," said Mr Fox, who is considering the possibility of postponing some programme plans at Yorkshire if there is no improvement.

ITV companies which start their financial years in October are being particularly badly hit. Some programme budgets were drawn up against a background of the previous year's growth of around 17 per cent. Tyne Tees Television (TTT) has had to implement planning cuts and executives have been given details of an economy package under the slogan "co-operation for survival."

A second series of TTT's children's drama supergran will be delayed for a year until revenues revive, and the showing of a drama series based on the drugs investigation Operation Julie will also be postponed for tax reasons.

Mr David Reay, TTT managing director, said yesterday the company was starting to look at the possibility of seeking early retirements.

Last month Mr David Plowright, managing director of Granada Television and chairman of the ITCA, decided to postpone the making of a Len Deighton trilogy and bring forward some less expensive programming.

Many reasons are put forward for the end to growth at ITV. One of the suring methods which have apparently raised the size of the television audience by around 20 per cent.

Advertising agencies may think they can reach their chosen proportion of the audience while spending less.

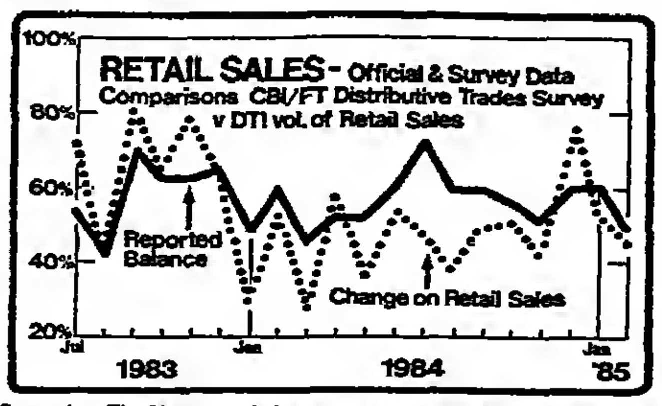
Spending in the retail sector expected to retain buoyancy

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

RETAIL spendiog is expected to continue at a brisk pace, according to the latest indications from the Financial Times Confederation of British Industry Survey released yesterday.

It showed that a large majority of retailers expected sales to continue to improve in March compared with last year's levels, after a level of sales in February which was only slightly below expectations.

The survey, based on 529 replies in the distribution industry, showed that for all distributors the expected improvement in sales in March was the best since early last summer.



A balance of 43 per cent of companies expected improved sales compared with a balance of 38 per cent which reported an improvement in February.

The percentage balance is the proportion reporting an improvement minus the proportion reporting a decline compared with a year ago.

In the retailing sector, a balance of 63 per cent expected an increase in sale this month, compared with a balance of 49 per cent reporting an improvement in February.

A similar pattern of improvement for orders placed on suppliers is suggested by the survey. For distribution as a whole, a balance of 24 per cent expected to increase orders in March – the best figure since September. The 29 per cent balance of companies reporting a rise in orders placed on suppliers in February was considerably ahead of expectations.

The CBI said yesterday that the survey suggested that smaller retailers were reporting a smaller increase in business compared with the larger multiple strores.

Comparison of the survey results with official figures for retail spending suggests that the survey is a good indicator of the pattern which revised official data will eventually show. In recent months the survey figures have suggested a steadier improvement than official data, although both sets of figures suggest that the rate of growth may be slowing somewhat.

Results for the motor trades suggested further improvement in March after a level of sales which had been considerably higher than expected in February. A balance of 24 per cent of companies reported an improvement in February, easily the best figure since last May. For March, about the same proportion were expecting a continued improvement.

Special questions in this quarterly survey suggested that import penetration has not risen much in the distribution sector as a whole since a year ago. There was, however, some evidence of a rise in import penetration in the wholesaling sector this year, balanced by a fall in the retailing sector.

Strong bidding for private wine cellar

BY EDMUND PENNING-ROWSELL

THE 6,000-bottle cellar of M Jacques Rouët, until last year director-general of the Paris fashion house, Christian Dior, was sold yesterday at Christies in London for prices that in most cases clearly exceeded the auctioneers' estimates.

M Rouët began buying wine in 1946, but most of that sold yesterday started with an intensive 250 dozen purchase in 1970.

Among the predominant clarets it was the range of châteaux and vintages that was remarkable rather than the individual rarities. There was not a large proportion of first growths, but a wealth of magnums and large-sized bottles. But single bottles of Haut-Brion 1895 and Latour 1896 started the sale at £300 and £145 respectively.

Of the inter-war vintages, the top prices were paid for a magnum of Ausone 1929 (£320) and a bottle of Château Margaux (£210). These were followed by large-sized 1945: Jeroboam (equal to six bottles) of Beychevelle (£820), and magnums of Ausone (£850) and Gruaud-Larose (£320). A single bottle of the rare Petrus 1947 brought £550, and a magnum of Lafite 1953 went for £440. Two cases of 1961 Lafite and Lamission-Haut-Brion made £2,600 and £2,200 each.

Several other vintages of Petrus, by no means all remarkable, exerted their usual saleroom attraction, including £920 for six bottles of 1955, while cases of 1974 reached £520, of 1975 £1,800 and of 1977 £370.

W. H. Smith takes stake in arts cable channel

BY RAYMOND SNODDY

W. H. SMITH, the retail books and stationery group, is to take a stake in British Cable Programmes (BCP), the company planning to launch an arts channel for cable television later this year.

It is believed that the group will take a stake of between 25 and 35 per cent in BCP. Other investors include Commercial Union, Television South, the independent TV company for southern England, and W. E. Guiton.

The move by W. H. Smith reinforces the company's emergence as the most significant investor in cable television programming after Thorn EMI.

Mr Francis Baron, managing director of W. H. Smith Cable, said yesterday: "The move is part of W. H. Smith's strategy of securing a broad base of cable and satellite programming interests."

W. H. Smith already owns 19 per cent of Screen Sport, the cable sports channel and recently announced plans for a daytime "lifestyle" channel with Reed International, Yorkshire Television and Blackrod.

The company also has an indirect stake in Music Box, the pop music channel, through its 30 per cent holding in Yorkshire Television. W. H. Smith is also planning a games channel and Videoline – a consumer channel featuring long video advertisements. Both of these channels are still awaiting final board approval, however.

Mr Baron said market research showed that the existence of an arts channel would make the basic tier of cable programming (programmes grouped together at an all-in subscription) more attractive. "It means we will do better on all other channels," he said.

Mr John Griffiths, chairman of BCP and a former president of the Liberal Party, said the W. H. Smith stake meant the company now had enough capital to launch a service in October.

Further funds would, however, be sought later in the year to develop and extend the scope of the operation. High-quality programmes on the arts, originally made for broadcasting, video or the cinema, which had already recouped their initial investment were available at between £150 and £600 a screen hour.

Mr Griffiths said: "They nearly all come from foreign sources, and I think with slightly paranoid protectionism the BBC and some of the ITV companies are missing a financial and promotional opportunity to make far more of their productions available on this marginal basis."

Timex wins European Court dumping case

BY A. H. HERMANN AND RAYMOND HUGHES

TIMEX, the Dundee, Scotland-based watchmaker, has won an important ruling from the European Court over the information to be provided by the European Commission in Brussels to companies seeking protection against dumping.

The court has ruled that the Commission must re-open its examination of Timex's complaint that the EEC anti-dumping duty on Soviet watches is too low.

Timex was entitled to more information than it had been given by the Commission to enable it to argue its case that the duty was too low, in view of the extent of the dumping and its prejudicial effect on British industry.

In 1982 the Commission introduced a 26.4 per cent duty in respect of Soviet watches that were gold-plated with a thickness of over five microns, and 12.6 per cent for other Soviet watches.

Timex complained that the Commission had refused to divulge information on comparative prices and production costs of Hong Kong watches and not enabled Timex to verify whether Hong Kong watches were comparable to Soviet ones.

The Commission argued that the information was confidential and that EEC rules required it to disclose only information from "parties concerned," which, the Commission argued, meant only those from within the EEC.

Rejecting that argument the court said that "parties concerned" included Hong Koog watchmakers supplying comparative data.

If information were confidential the Commission had the means to disclose its essence without divulging business secrets.

The court made no ruling on the level of duty.

THE PROPERTY MARKET BY MICHAEL CASSELL

Nigel gives a little nudge

IT WAS WHEN, about half-way through his budget statement, the Chancellor announced the death of Development Land Tax that the property industry's heart sank. If the dreaded DLT was finally laid to rest, then surely VAT on new commercial construction lurked a few pages further on.

Given Nigel Lawson's pledge to fight the EEC-inspired move all the way, the chances of VAT being imposed on new projects this year always seemed remote. Nevertheless, his refusal to approve its introduction and his belief that it would not see the light of day during the life of the present parliament, brought sighs of relief all round.

The arrival of VAT threatened to stifle what appears to be a significant and broadly-based increase in occupational demand. Many developers who had either purchased or were committed to buying sites for development faced the prospect of potentially profitable projects, for which funding had been arranged, becoming unviable. Development returns would have been hit in the short-term, with a knock-on effect on development company profits.

Over the medium-term, land values would probably have fallen to compensate for the tax, although development would undoubtedly have slowed down.

But although the immediate VAT threat has passed, the development industry has to face the fact that, given the UK government's Treaty obligations, its eventual introduction seems inevitable.

The Chancelor's DLT surprise should add to the chances of development land coming forward, particularly in provincial centres where many private investors, some of whom faced tax bills of £1m or more, had held back from selling. The tax was a low-yielding, bureaucratic nightmare and even the most strident Labour supporters found it difficult to support, usually because they could not understand it. Spare a thought, however, for those who did not wait for Mr Lawson's largesse and now face liabilities under a tax which no longer exists.

Mark Creedy of Richard Ellis thinks the budget could provide some modest stimulus to an increasingly active property investment market, not least because the threat of taxation on pension fund investment income has been removed: "Investors have been adopting a wait-and-see attitude and we might now see some renewed interest in the market. There should certainly be a more positive attitude towards development, helped by evidence of an across-the-board increase in demand from occupiers."

Geoffrey Pointon, of Pointon York, the employee benefit specialists, reckons that as DLT was the only tax for which pension schemes were liable, trustees could now be encouraged to take a look at new development sites where a fight for planning consent might now be considered worthwhile.

As for the type of property to be developed, Mr Lawson's decision to extend the Business Expansion Scheme to companies formed to carry out research and development work (while closing the door on so-called property developers) could have a useful impact on building activity in the "high-tech" sector.

Meanwhile, some operotors in another part of the property market are, in the words of Hugh Ellingham at Richard Ellis, "about to get their fingers burned" wth the ending of capital allowances heralded in the Chancellor's budget speech one year ago. "We expect nursery unit schemes built to take advantage of allowances but which remain unsold over the next few days will prove particularly difficult to sell as the majority of investors have been individoals."

Such investors tend to spend their money close to the fiscal year-end and need to purchase buildings prior to their occupation by tenants. As a result, developres could be faced with either keeping buildings empty until the early part of 1886, when individuals will start to invest again, or they will need to seek corporate purchasers with tax year ends in the next few months. Ellis estimates that as many as 500-600 units are available and that many will have to be retained by the developers forced to utilise the allowances themselves.

Vickers sells off Millbank lease

VICKERS, the recuperating engineering group, is selling the long leasehold interests in its Millbank Tower headquarters to Legal and General. The deal is expected to raise between £12m and £15m.

Legal and General, the freeholders of the riverside office tower originally developed in partnership with Vickers, already hold a half-interest in the head leasehold. Yesterday, Vickers said a deal was imminent, although it would not confirm L and G's involvement.

Vickers intends to continue occupying its three floors and conference facilities at Millbank Tower on an ordinary lease. It is expected that L and G will take over full management responsibility for the building.

The deal forms part of the group's stated plan to raise around £30m in cash during the current year from property disposals. The sale of property at Weybridge, formerly occupied by the British Aircraft Corporation and jointly owned with GEC, is likely to raise a sum similar to the Millbank agreement. Property in Swindon could raise another £3m.

● Liverpool Victoria Friendly Society has paid £5.75m for the 48,000 sq ft British Home Stores building in Commercial Way, Woking and for a 12,500 sq ft office building at Crown Square, occupied by Hogg Robinson.

● London and Provincial Shop Centres has let Cornwall House, its 33,500 sq ft office building in High Street, Slough, to Dota General for £555,000 a year. Healey and Baker, Jones Lang Wootton and Giddy and Giddy were letting agents. Bernard Thorpe acted for the tenant.

● Arlington Securities has sold a 2.36 acre site at Globe Park, Marlow, to Lex Service for £2.34m. A 45,000 sq ft building will be built as UK headquarters for Volvo concessionaires.

● English Estotes, the Government-backed property development agency, is to have its 24m sq ft property portfolio valued by a consortium of six surveying firms under the direction of Drivers Jonas.

● Imry Property Holdings has paid over £4m for Druce House, the 30,000 sq ft office and retail building in Baker Street, W1, where the lease has been assigned to Doyle Dane Bernbach, the advertising agents.

● John Laing and the Teesland group have been chosen to develop a 226,000 sq ft retail scheme at Barrow-in-Furness, the first covered centre for the town. There will be two major stores and about 60 shops.

Haslemere's City plan

UNDETERRED by the slow letting of its last two City of London office developments, Haslemere Estates is planning another major office scheme in the Square Mile.

After negotiations lasting a year, the company has agreed with the City Corporation to take a new 129-year lease on Capel House, New Broad Street, and to redevelop the 85-year-old building to provide 59,000 sq ft of lettable offices.

The new lease agreement depends on Haslemere gaining planning and listed building consent by the end of 1986. The developer is offering the City £1m to pass on in compensation to the 29 existing tenants—repayable only if vacant possession or consents are not obtained.

Nine months after the building's completion, or when the property is let, Haslemere will pay the City £522,000 a rent for five years, after which they will have to pass on one-third of net rental income.

Haslemere seems close to signing up tenants for Bury Court House, Bevis Marks, the 105,000 sq ft building where an earlier part-letting fell through. The 60,000 sq ft at Sherborne House, Cannon Street, completed early last year, is also finally filling up.

Tricentrol, a tenant at Capel House, has pulled out of negotiations to occupy Bevis Marks House in the City, developed by United Kingdom Provindent Institution

M25 planning race starts to speed up

THE BATTLE is on to provide part of Essex with a £200m retail and leisure complex half as big again as Brent Cross.

The contestants are Town & City Properties (Development), now part of Sir Jeffrey Sterling's recently merged Sterling Guarantee Trust—P & O Group, and Capital & Counties, the development company which has joined forces with the Pearsoo Group.

The object of their attention is Thurrock, close to the northern end of the Dartford Tunnel, and the fight is to win approval for schemes on sites no more than half a mile apart, straddled on each side of the M25.

The competing schemes are likely to involve construction costs of up to £100m, with the possibility that as much again could be spent on fitting out. Both developers say their plans will create about 5,000 permanent jobs and both know there is only room for one of them.

Town & City plans 1.3m sq ft of shopping and recreation facilities on a 50-acre site at Thurrock chalk quarries, previously used as a cement works. There will be a heavy emphasis on water—a full-sized paddle steamer will sit in the central atrium—and the surrounding chalk cliffs will be landscaped.

The Capital & Counties scheme is scheduled for land owned by Pearson and will provide 1.15m sq ft of selling space and a £12m leisure centre, bordering on a 20-acre lake.

Thurrock council is delighted at the prospect of such a large-scale development in an area badly in need of economic regeneration and last weekeod both schemes, which were formally submitted last summer, were the subject of special presentations to councillors.

Thurrock is tha determining authority but is waiting for comments from the Essex planners and the Department of Transport before considering the proopsals itself in May or June. It will then officially inform the Department of the Environment of the plans. Neither proposal involves green belt land but, in view of their size and the objections of local traders and bordering local authorities worried about the impact on their own shopping centres, the proposals seem certain to be called in.

Both developers have said that projected growth in retail spending up until the end of the century should be enough to accommodate any new centre, as well as existing traders. Thurrock is clearly flattered at the thought of suddenly becoming so desirable and, if one of the schemes goes ahead, it will owe a great deal to the arrival of the M25.

APPOINTMENTS

Commercial director at Fairey Nuclear

Mr James Miller has been appointed commercial director of FAIREY NUCLEAR. He was controller and company secretary. Fairey Nuclear is an operating company within the energy and military engineering division of Fairey Holdings, the engineering sector of Pearson.

★

WARDLEY LONDON has appointed Mr Clive Baker and Mr Maxwell R. Nicholson as directors in its corporate finance and corporate lending departments, respectively. Mr Baker was with Investers in Industry and Mr Nicholson was with Bankers Trust Company.

★

Mr Gareth D. R. Jones has joined PEACHEY PROPERTY CORP. as development manager. He was previously a director of Trafalgar House Developments.

★

Mr Christopher Holyoak has joined PARIBAS as chief financial and administrative officer of capital markets activities based in London. He joins after eight years with Citibank.

★

Mr J. R. Barker has been appointed to the new post of director of personnel development at BRITISH RAILWAYS board headquarters. His appointment follows a minor reorganisation in the board's personnel department after Mr John Thackway, the board's director, personnel policy, moved to the Midland Bank. Mr Barker has been management development manager for BR for the past two years.

★

YAY HOLDINGS, a member of the Trafalgar House Group, has appointed Mr Geoff Lansbury as finance director. He was financial director of Trafalgar House Resorts based in the Caribbean.

★

N M ROTHSCHILD & SONS has appointed Mr Charles Alexander, Mr Peter Freeman and Mrs Kate Mortimer to the bank's main board.

★

Mr Gordon C. Stroud has been appointed chairman and Mr Douglas Bransby-Cobb chief executive director of CANNON SECURITY SERVICES.

★

Ms Rae Leyshon has been appointed a director of SYSTEM TESTERS AND DOCUMENTORS. She previously worked for Brandt Communications and Longley Builders.

★

BARONSMEAD VENTURE CAPITAL has made the following board appointments: Mr Michael Allsopp, a non-executive chairman of Dunbar Group and director of Cater Allen Holdings, becomes chairman. Mr Rhoderick Swire, Mr Richard Hargreaves and Mr Christopher Tanner, directors.

★

EAGLE STAR has appointed Mr E. Kninkundis to its theatres mutual board.

★

TRETT CONTRACT SERVICES has appointed Mr Leonard Ashworth its chairman following his retirement from Davey Corporation. He was a director of Davey Corporation and chief executive of Davey Engineering Industries.

★

Following the acquisition of P. S. REFSON AND CO by Drayton Consolidated Trust and Drayton Japan Trust, Mr Alexander Reid has been appointed to the board of the bank. Mr Peter Bunce is to continue as chairman. The following have resigned from the board but will continue as executive directors: Mr C. J. Charlwood, Mr D. C. Eley, Mr J. H. Horne, Mr M. Joseph, Mr S. G. A. Robertson, Mr C. M. Wigan. Mr G. N. Waters has resigned as managing director but will continue as a consultant.

★

Mr Roy Exley, Dr Keith H. Hoyle, Mr Roger T. Kingdon and Mr Robert L. Perry have been appointed to the board of DAVY McKEE INTERNATIONAL from April 1. Mr Exley will continue as chief executive of Davy McKee operations at Sheffield and Poole. Dr Hoyle, based in Pittsburgh, has responsibility for minerals and metals operations in the U.S. Mr Kingdon is responsible for Davy McKee in Stockton and for the South African and Australian operations. Mr Perry, based in Chicago, is responsible for Davy McKee's food and pharmaceutical, petroleum and chemical operations in the U.S.

★

Mr Max Mines has been confirmed as deputy chairman and chief operating officer of SAPA HOLDINGS by a meeting of the board. He is also chairman and chief executive of Monarch Aluminium and non-executive chairman of group companies Consort, Securistyle and Chadwicks. Mr Mines founded Monarch in 1971 and over the next decade built up the Thornville Industrial Group comprising Monarch, Consort, Securistyle and Chadwicks. In October 1981, Thornville was acquired by SAPA Holdings, a subsidiary of the Swedish-owned SAPA Group.

★

British Printing and Communication Corp has appointed Mr Keith Townsend as managing director of PURNELL AND SONS, Paulton. He was formerly managing director of Percy Lund Humphries, and Metcalf and Caldwell, both part of the Tangent Industries Group. Mr Hugh Lavington, the present chief executive of Purnell's retires on March 31.

FT COMMERCIAL LAW REPORT

No contributory negligence in contract

AB MARINTRANS v COMET SHIPPING CO LTD: Queen's Bench Division (Commercial Court): Mr Justice Neill: March 8 1985

WHERE A charterparty provides that charterers are to stow cargo under the supervision "and responsibility" of the Master, the shipowners are liable for bad stowage unless the dominant cause of resulting damage originated with the charterers or their agents; and even if the charterer were to some extent at fault, there would be no apportionment of liability on contributory negligence principles, in that those apply in tort only, and not to "faults" committed in breach of contract.

Mr Justice Neill so held when giving judgment for the charterers, Comet Shipping Co Ltd, in their appeal from arbitrators who, on a claim by the shipowners, A. B. Marintrans, made their award on the basis that 60 per cent of the blame for bad stowage attached to the owners, and 40 per cent to the charterers.

HIS LORDSHIP said that by a time charter on the New York Produce Exchange (Nype) form, the Shinjitsu Maru No 5 was chartered for a trip from New Zealand to West Africa.

The vessel was ordered to load a cargo of palletised milk powder at Maunganui. She had been designed to carry logs and was not ideally suited to carriage of palletised cargo. Accordingly loading and stowage plan was prepared to ensure that the hold was boxed with wood, and that the cargo would be loaded inside the boxing and pressed up hard against it.

If the original plan had been adhered to, the cargo would have been loaded safely. Unfortunately carpenters were not available when loading commenced, and later the New Zealand Dairy Board, shippers of the cargo, would not allow fork lift trucks to be used as intended.

The stevedores therefore abandoned the original plan and the cargo was loaded free-standing. Efforts were made to secure it by dunnage and lashing. The Master was concerned about its condition and asked for advice from a surveyor who had been appointed by the stevedores.

The surveyor advised that with more lashing (which was added), the stow would be satisfactory. The Master was not happy with the advice, but relied on it, and put to sea.

Shortly afterwards, the vessel encountered bad weather. The cargo shifted and she listed 25 degrees. She had to return to Maunganui where the cargo was restowed.

The charterers put the vessel off-hire, and made deductions from payment of subsequent hire. The shipowners disputed their right to make deductions and the matter went to arbitration.

In the arbitration the owners sought to recover $80,000 deductions, and the charterers sought to recover a further $4,880 by way of deduction.

The owners' primary argument was that the loss was caused by the shippers and the stevedores, for whom the charterers were responsible. The charterers contended that because of the wording of clauses 8 and 32 of the charterparty, responsibility for stowage was placed firmly on the owners.

Clause 8 provided that "charterers are to load, stow . . . cargo at their expense under the supervision and responsibility of the Captain . . ." The words "and responsibility" were typed additions to the printed clause. Clause 32 provided that "the Master shall supervise stowage of the cargo thoroughly . . ."

The arbitrators concluded that loading and stowing was a joint operation in which both parties had failed to play their part. They said the sudden change of plan at a late stage by shippers and stevedores made it virtually impossible to achieve a safe stow, but that the Master should have taken a stronger line and was negligent in not doing so. He was, however, entitled to rely on the surveyor's advice, which was negligently given, and the charterers must therefore share in the blame.

They took the view that "and responsibility" typed into clause 8, did not impose the entire responsibility for loading and stowage on the Master, and did not relieve charterers of all responsibility beyond that of appointing competent stevedores. They awarded that 60 per cent of the blame attached to the Master and 40 per cent to the charterers.

The award was made subject to the opinion of the court. The crucial question was as to the effect of adding "and responsibility" to clause 8.

At common law the division of responsibility for loading was as stated in *Scrutton on Charterparties 19 ed, p 169*. ". . . it is the duty of the owner by his Master to receive and stow the cargo properly." But clause 8 of the Nype form as printed, had the effect of transferring the primary responsibility for loading and stowing from *owners* to charterers, despite the presence of "under the supervision of the captain."

It was apparent from *Court Line [1940] AC 934, 937, 952* that that primary responsibility of charterers might be affected if the captain intervened by, for example, insisting on his own system of stowage.

But in the present case, clause 8 included the additional words, "and responsibility." Mr Milligan, for the charterers, submitted that their addition, when read in conjunction with clause 32, had the effect of imposing a duty to supervise all the stowage in the interests of safety of the ship and cargo.

Mr Gilman, for the owners, submitted that the words led to a shared responsibility which applied even if the master did not actively intervene.

The correct approach was to construe "and responsibility" as affecting a *primo facie* transfer of liability for bad stowage to the owners; but if it could be shown that the charterers by, for example, giving some instructions in the course of stowage, had *caused* the relevant loss or damage, the owners would be able to escape liability to that extent.

That approach was consistent with *Court Line*, where it was clearly contemplated that the party primarily responsible might be relieved from liability for loss caused by the other party's intervention.

If that analysis were correct, "and responsibility" placed the *primary* duty on the Master and owners, with the possibility that their liability would be affected by some intervention by the charterers.

On the facts and findings the charterers were not estopped by any act for which they were responsible, from making a claim against the owners.

The arbitrators found that the vessel was unseaworthy on sailing. If one took account of the Master's responsibility for stowage under clauses 8 and 32, and his overall responsibility to ensure that the vessel was seaworthy, one concluded that the dominant and effective cause of those losses was the negligence of the Master.

Accordingly, subject to the effect of the Contributory Negligence Act 1945, if applicable, the charterers were entitled to succeed in full.

The Act provided in section 1(1) that where a person suffered damage as a result partly of his own fault and partly that of another, "a claim in respect of that damage shall not be defeated by reason of the fault of the person suffering the damages, but the damages shall be reduced. . . ."

Section 4 of the Act provided that "fault" meant "negligence, breach of statutory duty or other act or omission which gives rise to a liability in tort or would, apart from this Act, give rise to the defence of contributory negligence."

Those words were directed to tortious liability alone and were not apt to cover breaches of contractual duties of care, or breaches of statutory duty which gave rise to liabilities other than tortious liabilities.

It followed therefore that on the proper construction of section 1 (1) the apportionment provided for did not apply to a claim in contract. In those circumstances, the characters were entitled to succeed in full on their claim against the owners.

For the charterers: Iain Milligan (William A. Crump and Son).

For the shipowners: Jonathan Gilman (Constant and Constant).

By Rachel Davies
Barrister

THE ARTS

Cinema/Nigel Andrews

Lean's magical mystery tour

A Passage To India, directed by David Lean
The River, directed by Mark Rydell
Every Picture Tells A Story, directed by James Scott

Strange are the twists of history. Forty years after Gandhi helped get the British out of India they're back, and no one seems able to remove them: though this time, it's a celluloid Raj and they're shooting from the tripod rather than the holster.

David Lean's *A Passage to India* is plumb in line with such forerunning epics as *Gandhi* and *The Jewel in the Crown*: a mixture of exoticism and self-flagellation as we are encouraged to cry out "What rotters we were in Imperial India!" while sitting back for an eyeful of lovely costumes and scenery. The blend is appallingly suspect of course. It's as if Russia were to make a movie about Afghanistan in which some gestural political remorse took second place to the spiffing scenery and exotic tribal costumes.

However, let's proclaim up front that Lean's film is by *far* the best of Britain's Indian epics so far. Its negative virtues are that it does not preach or grandstand or melodramatise. Its positive ones are that it has a wonderful storytelling pulse —*Gandhi* seems elephantine by comparison—and a more-than-travel-brochure eye for India's beauties. Lean cheerfully built bits of fake India inside the real India (a mock-up street market, Fielding's balmy garden); but there's a burnished passion in the images and a painterly detail that proclaim the director of *Kwai* and *Lawrence*.

E. M. Forster thought his novel unfilmable and one understands why. It's a book of mystic windings and lacunae, in which what isn't seen is more important than what it; and in which the plot turns around an incident—the attempted rape of English girl, Adela Quested, by young Indian doctor Aziz—which we're never sure happened. Lean's method is to bop on board Forster's story and force it to drive in a straight line. Instead of destroying the mysteries, this surprisingly makes them bolder and more magical—they rear up like tunnels with tiny pinpoints of hopeful illumination at the end. What happens in the Marabar Caves (scene of the alleged rape attempt)? Why does Mrs Moore, bringing Adela out to India to marry her son, botfoot back to England when Aziz's trial begins? (She alone among the English women thinks him innocent.)

Th riddles are for the audience to solve, but they are given sumptuous help from Lean and his actors. Peggy Ashcroft swans magnificently through as Mrs Moore: patient, waspish, genteel—until the Marabar incident when tetchy aloofness gives way to a pixilated, haunted, "faraway" unease. India—its spaces, its darknesses, its all-wise nihilism (the returning cave-echo of Forster's "ou-boum")—have "got to her." Judy Davis's Adela likewise is sea-changed: from the tidily insulated English virgin to a girl at bay against a country where gods and animals, the spirit and the senses, are mysteriously, sinisterly rhymed.

Lean's best "invented" scene —he wrote the screnplay himself—has Davis, out cycling alone, stopping to gaze at a ruined temple where erotic carvings are suddenly overrun by a squealing army of monkeys. It's as if a simmering pot has overflowed, unlidding our heroine's self-control and her dainty preoccupations of India. Here and in two other scenes —a moonlight encounter between Aziz and Mrs Moore in a ruined mosque, the sunbaked grandeur of an elephant tramping across a vast ramp of rock to the Marabar "picnic" —Lean makes near-stillness seem charged and elemental. (And the sounds, of dry leaves rattling in the mosque, or wind and processional bells soughing on the rock, are as hypnotic as images.)

Aided by Victor Bannerjee's agile, grinning, winning Aziz, the film's first half sets us down in Forsterland with scarcely a complaint. It's only when the post- Marabar trial begins—and, with a shuddar, we realise that Lean is going to reduce the multi-storey mysticism of the novel's late chapters to a mere was-she-wasn't-she-raped courtroom climax—that the movie falls apart. James Fox's wooden Fielding takes centre screen—he sounds and looks as if he is reading his lines from a cosmic autocue—and Alec Guinness, in boot polish make-up and Peter Sellers accent, pops up to further torpedo the film as Professor Godbole.

Peggy Ashcroft . . . waspish

Here, Lean's literalistic approach to great literature (which turned *Dr Zhivago* from a complex parable about power, love and freedom into a swoony epic for superstars) reduces Forster's novel to a costumed whodunit. But elsewhere, when the wide Lean eyes can feed on landscapes and the huge Lean ears can pick up the susurrations of man, nature and a subcontinent, *A Passage to India* has some of the majesty and mystery of its original.

*

If no one can get the British out of India at present, no one can get Hollywood out of the farmyard. *The River* follows *Places in The Heart* and *Country*: three tales of yokel heroes and heroines fighting the good fight against the brute forces of corporate capitalism. Here, Sissy Spacek and Mel Gibson are our Mr and Mrs Muckspreader in the Midwest; Scott Glenn is the town-dwelling meany who wants to flood their farmland for a dam project; and Mark Rydell (of *On Golden Pond*) is the director trying to keep us awake with frequent changes in the weather. One minute the sun is blazing and the pregnant cornfields are sparkling, the next—goshdarn it!—the rain is crashing down from charcoal skies and wrecking Mel and Sissy'a harvest.

The desperate Mr Gibson takes a strike-breaking job in a steel factory. The sassy Miss Sissy tries to run the farm in his absence and is attacked by her own machinery. Jessica the cow dies. The weather's bad. Mel and Sissy decide to auction off everything that isn't nailed to the floor, and Scott Glenn tells them, "This life ain't gonna be around forever"—which, in the circumstances, sounds more like a promise than a threat.

This is the weakest of the farming films: mainly because director Rydell spends so much time trying to up the dramatic ante that charecters and credibility are swept away in the endless deluge of hard-luck happenings. Gibson and Spacek perform bravely, with gritted teeth and rain-drenched hair. But the best player is the coolest: Scott Glenn, with his tanned-leather grin and handsome horse face, the venal entrepreneur who knows that when things go against him he can always, like God, call up a change in the weather.

James Scott's *Every Picture Tells A Story* is a chirpy chunk of paternal biography from the British director of *Adult Fun* and *A Shocking Accident* (which won the Best Short Film Oscar in 1983). Scott's Dad is painter William Scott, and the film dramatises the latter's childhood in Scotland and Northern Ireland in a series of deadpan tableaux—funny and poignant—that are like a cross between Brecht and Bill Douglas. Mum (Phyllis Logan) is a barrassed beanpole forever mopping back a atray forelock, tripping over a stray child, or hurling fish into the frying pan. (Cut to one of William'a fish paintings, which are sprinkled through the film). Dad (Alex Norton) is a cheeky depressive who falls off a ladder and kills himself when he volunteers help at a fire. And William himself grows from five to 18 via three different actors (Mark Airlie, John Docherty, Leonard O'Malley) and keeps resolutely plonking paint on canvas while minor or major tragedies swirl around him.

At times, the movie is ao deadpan one wonders if it isn't dead. Scenes click on and off like a light-bulb and the audience is never given a "cue" to laugh or cry. But then, you're not given cues to laugh or cry in life either, and the film's blank-cheque neutrality soon becomes a atrength, urging the audience to create its own responses. Why not pay a visit and do so.

Judy Davis . . . a girl at bay

Arts Week

F	S	Su	M	Tu	W	Th
22	23	24	25	26	27	28

Opera and Ballet

PARIS

Wozzeck is conducted by Christoph von Dohnanyi with Peter Gottlieb in the title role alternating with Soirée de Ballets. Paris Opera (742 57 50).

Händel's Ariodante in co-production between the Théâtre des Champs-Elysées' Milan La Scala and Paris Opera. Jean-Claude Malgoire conducts: Production is by Pier-Luigi Pizzi and choreography by Richard Caceres. Théâtre des Champs-Elysées (723 4777).

Maurice Bejart and his Ballet du XXème Siècle: Soirée Gustav Mahler/Pierre Henry, with Maurice Bejart's and John Neumeier's choreography and with Patrick Dupond dancing in the Symphony Pour Un Homme Seul. A modern composition of sounds of steps and voices, snatches of songs and whistling of bombs, without costume or decor. TMP-Chatelet (233 4444).

LONDON

English National Opera, Coliseum: Xerxes, in Nicholas Hytner's witty, highly self-conscious production, is moved by the ENO some way from conventional Handelian expectations; but the musical side is very strong – indeed, for the conducting of Charles Mackerras and the singing of Ann Murray, Valerie Masterson, Jean Rigby, and Christopher Robson, this is a performance that takes some beating. Further performances of the Fidelio revival, with the wonderful Josephine Barstow in the title role; of the ENO's perennial, now somewhat dated Count Ory, with vocal compensations from Isobel Buchanan and Jane Edward. (836 3161).

Royal Opera, Covent Garden: A new Barber of Seville has long been an urgent Covent Garden requirement, and so the production by Michael Hampe, conducted by Gabriele Ferro, can expect an automatic welcome. The cast, an attractive mixture, includes Alicia Nafé (house debut), Thomas Allen (a long-admired London Figaro), Samuel Ramey, and Enzo Dara. (240 1066).

WEST GERMANY

Berlin, Deutsche Oper: A new production of Siegfried, by Götz Friedrich has Rene Kollo in the title role beside Catarina Ligendza and Gottfried Hornik. Salome features Laila Anderssoe and Ingvar Wixell. Tosca stars Anna Tomowa-Sintow, and Giacomo Aragall. Manon Lescaut brings together Pilar Lorengar and Giorgio Merighi. (34 381).

Hamburg, Staatsoper: To commemorate Händel's 300th anniversary Belsazar is premiering this week produced by Harry Kupfer with Walter Raffeiner, Helen Donath as leads. Ariadne auf Naxos has Trudeliese Schmidt, Peter Lindroos and Erie Mills. Cosi fan tutte with Rachel Joselson and Judith Beckmann. Also, Der Freischütz and Madame Butterfly. (351 151).

Cologne, Oper: Cologne is staging e Mozart cycle directed by Jean-Pierre Ponnelle, from March to the end of June, conductors Sir John Pritchard and Georg Fischer alternate. Soloists are Kay Griffel, Krisztina Laki, Karen Huffstedt, Matti Salminen, Janice Hall, Margaret Marshall, Ruggero Raimondi and Stafford Dean. (0221/21 25 81).

ITALY

Milan: Teatro alla Scala: Magic Flute – the production seen at Glyndbourne in 1978, with scenery and costumes by David Hockney and directed by John Cox – adapted for the huge stage at La Scala. The conductor, Wolfgang Sawallisch, approves this almost spartan production as being closer to the original in Vienna. With Barbera Bonney, Sylvia Greenberg, Adelina Scarabelli and Hakan Hagegard. On Thursday, Roland Petit's ballet Les Intermittences du Coeur based on Proust's A la Recherche du Temps Perdu with Giuliana Gaspari, Vera Karpenko, Anna Razzi and Maurizio Bellezza. (80 91 26).

Rome: Teatro dell'Opera: Adriana Lecouvreur by Francesco Cilea, directed by Mauro Bolognini and conducted by Giuseppe Patane. Sung by Raina Kabaivanska, Natalia Troiskaia and Giuseppe Giacomini. (46 17 55).

Turin: Teatro Regio: Rossini's Tancredi conducted by Bruno Bartoletti. (548 000).

NETHERLANDS

The National Ballet with For We Know Not What We Do, the latest ballet by Rudi van Dantzig, Hans van Manen's Bits And Pieces (A deadly serious comedy), and The Green Table by Kurt Jooss (A dance of death in 8 scenes). Mon in Scheveningen, Circus Theatre (55 88 00). Tue in Don Bosch, Casino (125 125).

NEW YORK

Metropolitan Opera (Opera House): Franco Zeffirelli's production of Tosca continues, conducted by Giuseppe Sinopoli, with Hildegard Behrens and Placido Domingo. Thomas Fultoa conducts last season's new production of Ernani, starring Leona Mitchell, Ermanno Mauro, Pablo Elvira and Paul Plishka. Die Meistersinger, conducted by James Levine, features Mari Anne Haeggander and David Rendall. James Levine also conducts the premiere season of Nathaniel Merrill's production of Porgy and Bess, designed by Robert O'Hearn, with sopranos Roberta Alexander and Marvis Martin, tenor Bernard Thacker and baritones David Arnold and Arthur Thompson. Lincoln Center (362 6000).

WASHINGTON

Washington Ballet (Terrace): Benefit performance featuring actress/singer Karen Akers and the American Ballet Theatre (Mon). Kennedy Center (254 9895).

TOKYO

Vienna Volksoper: Strauss, Die Fledermaus. Tokyo Bunka Kaikan. (262 7141; 571 1689).

Theatre

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Mother Courage (Barbican): Fine RSC presentation by the design team of Cats – John Napier and David Hersey – with Judi Dench as e scavenging, music hall and finally moving Courage pushing her elaborate cart of stage machinery through the Heaviside Layer. Howard Davies directs, good support from Trevor Peacock, Stephen Moore and Zoe Wanamaker. (628 8795).

Two Into One (Shaftesbury): Donald Sinden and Michael Williams head the cast of a blissfully funny farce by Ray Cooney in the old Whitehall tradition. An irate manager, Lionel Jeffries, declares: "There's far too much sex going on in this hotel, and I'm not having any of it." Not to be missed. (379 5399).

Waste (The Pit): Riveting RSC revival directed by John Barton of Granville Barker's 1907 once-banned play about a politician destroyed by an adulterous liaison leading to an abortion, a death and a suicide. Daniel Massey, Judi Dench, Charles Kay, Tony Church and Mark Dignam in a stellar cast. (628 8795).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become s stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, é la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as audi-tions rather than emotions. (239 6200).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with e new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

WASHINGTON

Much Ado About Nothing (Folger): A recent reprieve on plans to close the theatre only coincidentally reflects the emberance of this production, with its 1930s shipboard setting and interjection of such songs of the period as Night and Day. (546 4000).

CHICAGO

Riches to Ragtime (Pheasant Run): World premiere of John Reeger and Ed Flesch's view of scams and fast talkers by combining Scott Joplin times with O. Henry characters. Ends Mar 31 (261 7943).

TOKYO

Barefoot in the Park: The Japanese version of Neil Simon's play directed by Yutaka Kobayashi. Long Run Theater, Shimokitazawa. (414 0961).

Love Call (The Japanese version of Bells are Ringing), a musical comedy set in New York starring Akiri Fuse and Ran Ootori, Japan's most professional musical star. Geijutsuza, Yurakucho (591 7633).

Chorus Line: The Japanese version by the Shiki company, best-known for Cats, Japan's longest-running production (one year) and a sell-out. Nissei Gekijo, near Imperial Hotel. (320 4000).

Chita Rivera: Backed by e 20-piece orchestra and male dancers (one the original Cats' Mephistopholes) this dynamic and captivating Broadway star puts together a superbly exhilarating medley of songs and dances from famous Broadway shows. All in English, as an antidote to a tough day's negotiations with enough time for leisurely dinner afterwards in the Ginza, the show makes a rare and perfect evening. Hakuhinkan Theatre, Ginza. (571 1003).

Music

ITALY

Milano: Teatro alla Scala: The pianist Marek Drewnswsky playing Scarlatti, Chopin and Liszt. (Mon). (80 91 26).

Naples: Teatro San Carlo: Bernstein, Gershwin and Ravel conducted by Daniel Oren (Tue and Wed). (41 82 66).

Rome: Teatro Ghione (Via Delle Fornaci 37): The pianist, Janina Fialkowska (winner of the Rubinstein Prize) playing Bach, Mozart, Chopin, Scriabin and Fauré. (Mon). (63 72 294).

LONDON

Philip Jones Brass Ensemble: Wigmore Hall (Mon). (935 2141).

Philharmonia Orchestra conducted by Simon Rattle with Alfred Brendel. Mozart, Shostakovich and David Matthews. Royal Festival Hall (Tue). (928 3191).

London Philharmonic Orchestra conducted by James Conlon with John Lill, piano. Janaček, Debussy, Rachmaninov and Rimsky-Korsakov. Royal Festival Hall (Wed).

BRUSSELS

Palais des Beaux Arts: Eliane Rodrigues, piano. Bach, Beethoven, Mozart, Brahms (Tue); Belgian National Orchestra conducted by John Currie with the Scottish Chorus and the Rodinella Children's Choir – Bach's St Matthew Passion (Thur). (512 45 50).

NETHERLANDS

Amsterdam, Concertgebouw. The Amsterdam Philharmonic conducted by Arpad Joo, with Mischa Dichter, piano. Brahms, Dvorak (Tue). Recital Hall: The Oktopus Wind Ensemble. Mozart (Wed); Martijn van den Hoek, piano. Schubert, Mozart, Alban Berg, Brahms (Thur). (71 83 45).

Utrecht, Muziekcentrum Vredenburg. Rian de Waal, piano. Brahms, Mendelssohn, Chopin, Liszt (Wed). (314 544).

Rotterdam, De Doelen. Kurt Sanderling conducting the Rotterdam Philharmonic, with Mitsuko Uchida, piano. Mozart, Shostakovich (Thur). Recital Hall: The Emerson String Quartet with Mischa Maisky, cello. Schubert (Wed). (142 911).

PARIS

London Symphony Orchestra with Claudio Abbado, Jessye Norman: Mahler, Berg (Mon). Salle Pleyel (561 0630).

Forum de la Creation – Ensemble Intecontemporain: Boehmer, Bosseur, Lenfant, Mouret (Mon). Centre Georges Pompidou. Grande Salle (260 9427).

Dietrich Fischer-Dieskau, Harmut Hoell, piano: Schumann. (Tue). Salle Pleyel (561 0630).

TOKYO

Vienna Volksoper Gala Concert, conductor: Rudolf Bibl; soprano: Mirjana Irosch and Melanie Halliday; mezzo-soprano: Claudia Elder; baritone: Karl Donch; Luis Giron-May. J. Strauss, Suppe, O. Strauss, Lehar, etc. Showa Womens College, Hitomi Memorial Hall. (Mon). (262 7141; 571 1689).

NEW YORK

Andras Schiff piano recital (Metropolitan Museum): The Bach series played last autumn at Wigmore Hall, London, comes to New York (Mon). (570 3717).

New York Philharmonic (Avery Fisher): Erich Leinsdorf conducting: Kathleeo Battle soprano; Werner Klemperer narrator: Bach, Berg, Beethoven (Tue). Rafael Kubelik conducting; Benita Valente soprano; Claudia Catania mezzo-soprano; Philip Creech tenor; Wolfgang Schoene baritone; Charles Rex violin; Kenneth Gordon violin; Westminster Choir directed by Joseph Flummerfelt: All-Bach programme (Tue, Thur). Lincoln Center (874 2424).

WASHINGTON

Philadelphia Orchestra (Concert Hall): Erich Leinsdorf conducting, John Brown piano: Ruggles, Stravinsky, Mozart, Wagner (Mon). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): Sir Georg Solti conducting, Isaac Stern violin: Wagner, Bartok, Mendelssohn (Thur). (435 8122).

Exhibitions

NEW YORK

Treasures from the New York Public Library: 260 works chosen from one of the five best library collections in the world may cover America better than Europe, but the inclusion of e Gutenberg Bible, the Tickhill Psalter and French bindings supplements Americana, such as examples of Melville's work, announcements of the discovery of New York, and one of the earliest globes. Ends May 24. (42nd & 5th Av).

WASHINGTON

National Museum of American Art: 49 works by five 19th century black artists highlight a show of a little-known area of American art. It reminds the world of Joshua Johnson, the first recognised black American portrait painter; Henry Ossawa Tanner, a student of Thomas Eakins and neo-classical sculptress Edmonia Lewis. Ends April 7.

CHICAGO

Art Institute: 82 great architectural drawings cover the last five centuries in this show lent by the Royal Institute of British Architects. Ends Mar 31.

TOKYO

Leonardo da Vinci Nature Studies: 50 drawings on loan from the Royal Library at Windsor Castle concluding a travelling exhibitioe in Europe, U.S., and Australia. The exhibition has been designed by Paul Williams, designer of the Renoir at the Hayward Gallery, London. Seibu Museum of Art, Seibu Department Store, Ikebukuro. Ends May 12.

Tokyo in the Sixties: A rare chance to see Press photographs of Mitsutoshi Hanaga who has captured many of the events of that turbulent decade in Tokyo – much to the authorities' chagrin who feel such Press photos now tarnish Japan's modern image. Plan B Event Space. Nakano (near Nakano Fujimicho Station). Fri only. (384 2051).

PARIS

Hans Holbein the Younger (1497-1543): Thanks to the acquisitions by Louis XIV, the Louvre boasts one of the richest and rarest collections of the court painter of Henry VIII. Five of his masterpieces, portraits of Erasmus and Anne of Cleves among others, retrace his artistic development, accompanied by several drawings of equally prime importance. The exhibitioa is completed by paintings from the royal collections thought, mistakenly, to be by Holbein. Louvre, Pavillon de Flore, Porte Jaujard (260 3926). Closed Tue, Ends April 15.

Edouard Pignon: A retrospective of some 200 works to celebrate the artist's 80th anniversary shows how the violence of colour and cruelty of vision of his cockfights painting mellowed with years in his present series inspired by sunshine and beaches, "Les Dames du Soleil." Grand Palais, closed Tue, Wed late closing night, Ends Apr 15.

LONDON

Renoir – a survey of the life's work of the artist who, more than any other, has come to be seen as the quintessential Impressionist. Yet this easy labelling is now shown to be a gross and misleading over-simplification. In Renoir, once the label falls away, we find a wonderfully instinctive painter, aware of what his fellows were doing and responsive to it, but never the creature of theory, analysis or programme. The later works, hitherto considered so difficult, stand as major works in their own right. Organised by the Arts Council and sponsored by IBM, this fascinating and beautiful show goes on to Paris, where it will be much extended, and to Boston.

The Tate Gallery: St Ives – nominally e survey of the painting, sculpture and ceramic art to have come out of farthest Cornwall between 1939 and 1964, but really extending its scope from the early 1920s up to almost the present day. Ben Nicholson and his wife Barbara Hepworth are the central figures, also the early naive painter Alfred Wallis. Of the later generation, Peter Lanyon, Roger Hiltoe, Terry Frost and Patrick Heron appears as major figures. Ends Apr 14.

WEST GERMANY

Berlin, Schloss Charlottenburg, Spandauer Damm, Neuer Flugel: Berlin is putting on the biggest exhibition of Antoine Watteau to commemorate the 300th anniversary of his birth. The National Gallery of Arts, Washington, the State Museum of France and the administration of Berlin's castles are sponsoring the show. The French rococo painter oftee used poor quality colours, therefore many of his paintings are in e bad condition and have not been displayed before. The exhibition includes 73 drawings and 143 paintings. Ends May 25.

Düsseldorf, Kunsthalle Grabbeplatz 4: The early Rhineland Art between 1918-1945. Until the mid-1920s Düsseldorf dominated the renewed cultural life of the entire Rhineland. Among the artists are von Nauen, Campendonk, Klee, Zschokke, Matare, Moll, Schnurr, Flechtheim, Ernst, Dix and Wollheim. One part focuses on problems of immigrants and cultural life under the Third Reich. Ends April 8.

Hamburg, Museum für Kunst und Gewerbe 1 Steinterplatz: Plastics Only has 400 objects of plastic from saltshakers to wireless sets from 1860 to 1960. Ends April 5.

BRUSSELS

Palais des Beaux Arts: Felicien Rops – drawings, paintings and watercolours – a mixture of the macabre and erotic, skeletons and sex. Ends Apr 28.

ITALY

Syracuse (Sicily) Palazzo Bellomo: An important collection of paintings by Caravaggio: Focal point is the huge painting The Burial of Santa Lucia – patron saint of Syracuse – painted in 1608, when Caravaggio returned to Sicily after 14 years in Rome. Until Easter.

Rome: Palazzo Venezia: Rome 1300 to 1875 – Art of the Holy Years. A huge and splendid exhibitioe of paintings, manuscripts, medallions, sculpture connected with the holy years which have taken place every 50 or 25 years since Boniface VIII's first in 1300. Of particular interest is Caravaggio's The Conversion of San Paolo (which belongs to the Odescalchi family, and is not normally on public view) and the Veronica by El Greco, recently discovered in the Capuccine monastery in Toledo. Ends April.

NETHERLANDS

Amsterdam, Stedelijk Museum. La Grande Parade (named after the painting by Léger) is a feast of highlights in international painting after 1940. Forty artists are represented with 250 works loaned from all over the world. The show is designed as an encounter between the late creations of patriarchs like Matisse, Picasso and Braque and works by the outstanding representatives of subsequent generations (De Kooning, Bacon, Pollock, Giacometti, Rothko and many others). Theory, for once, takes second place, leaving the art to speak for itself. On the ground floor is an impressive gallery of photo portraits of the artists exhibited. Ends April 15.

VIENNA

Adolf Von Menzel: A rare chance to see drawings and watercolours by the 19th century Prussian master. This selection from the Berlin City Museum shows Menzel's work in all its eclectic vitality. Idealised historicism gives way to e vibrant naturalism as images of fallen soldiers, French prisoners of war or of an officer guzzling at a court ball, record aspects of the Empire of Frederick the Great. But it is the spare charcoal sketches of working men and peasant houses that have greater impact than the shadowy emperor and neat theatre parties. Albertina. Ends Apr 8.

FROM TAN SWEE TEN TO THE RT. HON. NICHOLAS RIDLEY M.P.

A MESSAGE FROM THE HEART.

The girl in the picture is Tan Swee Ten.

She's not a model. She's a real live Singapore Girl. As a matter of policy, Singapore Airlines use only authentic employees in their advertising.

We say this at the start, because it reveals a business approach, an integrity, which is the cornerstone of Singapore Airline's case for Manchester services.

The story so far.

The existing Air Services Agreement between the United Kingdom and Singapore does not lay down the number of services to be operated.

It leaves the airlines themselves to decide how many services to provide, in the light of their own commercial judgement. But the British Government has imposed restrictions on us. We are only allowed to operate one service a day into Heathrow.

In February 1983 and again in September 1984, Singapore Airlines applied to start a new route to Manchester. The Department of Transport agreed to this, but only on condition that SIA's services to Heathrow were reduced.

The British Government knows, just as other airlines know, that anything less than a daily service on this increasingly popular route will not make commercial sense. So the Government's response is tantamount to a 'No' to Manchester.

Why has the Government said 'No'?

1. Does it think there is insufficient traffic to justify extra services?

Since 1976, when daily frequencies with B747's began, passenger traffic has grown from 173,000 to over 300,000 – up 73%. In the same period cargo has grown 145%. Yet, there has been no increase in either BA's or SIA's services during this period.

2. Could it be that it doubts our commercial judgement? Is it worried that we will lose money?

Our track record speaks for itself. Furthermore, Mr Spicer, the Aviation Minister, has said recently that airlines should be encouraged to back their own commercial judgement. This is precisely what we want to do.

3. Does the Government think SIA has an unfair advantage?

SIA has never received a single dollar in subsidy. This has been acknowledged in Parliament by Mr Spicer himself.

4. Does the Government want to protect British Airways?

Lord King himself has always said that BA welcomes competition. We ourselves would be happy for a British airline to compete with us on the route.

Is it commercially viable to serve Manchester?

1. Manchester is an International Gateway Airport. It serves 20 million people in an area that supports 60% of the UK's manufacturing industry.

2. Manchester Airport Authority estimates that in the first year there would be 19,000 outbound passengers to Singapore, and a further 19,000 going beyond. There would be considerable inbound traffic as well.

3. SIA does not start new services unless it is totally satisfied that they are commercially viable.

4. That is why the company has made a profit in every single year since it started in 1972. It is now one of the world's largest international airlines, although it comes from a country the size of the Isle of Wight.

How does this fit in with the Government's position?

The recent white paper on Airline Competition Policy declared 'the barriers to new services and airlines who can provide a safe and reliable service should be low...Only competition will ensure the flow of innovative ideas, and new management and marketing methods.'

Surely, what we are doing is exactly what Mrs Thatcher would applaud.

Manchester is keen to welcome us.

Britain is Singapore's largest trading partner in Europe. For all the benefits of international trade, increased employment and tourism, the Manchester Airport Authority is keen to welcome us. And certainly it would ease congestion at Heathrow.

People in the North will also appreciate the gentle grace and style of the Singapore Girls who have given us the kind of inflight service that even other airlines talk about.

For all of these reasons, Tan Swee Ten politely and respectfully asks Mr Nicholas Ridley to change his mind.

SINGAPORE AIRLINES
A great way to fly

FINANCIAL TIMES

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Friday March 22 1985

The Dutch experience

THE DAMAGE that can be caused by a lack of flexibility in the labour market, and particularly in wage fixing, is well illustrated by events in the Netherlands, as analysed by the OECD in its report on that country published this month.

The authors dwell upon the failure to bring down unemployment to acceptable levels and openly call for a wider spread of wage levels even though that would conflict with the Dutch egalitarian tradition. As usual, the OECD is cautious in its assessment of the effects of the high statutory minimum wage. The extent to which it had pushed up general rates of pay is said to be uncertain.

Nevertheless, the study does say the concentration of unemployment in the lower paid occupations suggests that the minimum wage may be to blame. That would be a classic case of people being priced out of jobs. This seems to have been most noticeable in the case of young people. The Dutch authorities have shown their awareness of the danger by reducing the minimum wage paid to the young relative to that of adults.

This appears to be a helpful instance of increasing flexibility in the management of the labour market, but there is scope for more to be done. As the OECD authors suggest, "higher incomes through improved efficiency are likely to compensate for some increase in the dispersion of income." In plain English: if real incomes can be made to rise again, even the laggards will be less upset if some do better than others.

Flexibility

The operative words in that passage of the report are "improved efficiency." The underlying objective is to return to conditions of steady economic growth. It stands to reason that such a return requires the most efficient possible deployment of human and other resources.

In turn, that calls for flexibility, in the fixing of wages but also in the methods of collective bargaining. In the Netherlands there has been a tendency towards the decentralisation of wage bargaining—a tendency which could prove helpful in unblocking labour market rigidities.

Like the rest of the western world the Netherlands was hit hard by the two oil shocks. In addition, throughout most of the 1970s a social security network of great generosity and cost was woven to combat the effects of unemployment and to maintain faith with the egalitarian tradition.

Since 1982, when the crisis had become apparent, collective bargaining contracts have usually provided for the suspension of wage indexation in return for shorter working time. A briefer working week and early retirement were intended to reduce unemployment by spreading the available work more fairly among the labour force.

It is estimated that by this means some 100,000 jobs have been created. Compared with unemployment averaging about 800,000 last year that is a considerable figure. But there must be doubts, as the OECD points out, whether it will be possible to carry through the work-sharing exercise without raising employers' costs. Unless such an increase is balanced by greater productivity, the final result could be more—not less—unemployment.

Goodwill

On any but the shortest term view the beneficial effect of work sharing needs to be demonstrated over an entire economic cycle. In view of this obvious consideration, the authors of the OECD report suggest that the concept of flexible working time needs to be explored.

At first sight that might seem to confront industry with difficult problems of organisation, not to mention the need for delicate negotiations with national trade unions or with the representatives of the staff at each plant. In practice, and given goodwill and tact on all sides, flexible time is not as much of a departure as might appear, as the well-established practice of doing overtime shows.

The difficulty lies in the extra compensation paid for overtime hours. If flexible time is both to help the employers and to reduce unemployment—and the two do go together—those who have work and their representatives will need to make up their minds that job creation has a high priority. A great deal more flexibility will be required—on working hours, on pay and on many dearly prized habits and privileges.

The future of wage councils

THE MOST surprising thing about the consultative paper on wages councils issued by the Government yesterday is that it took so long coming. The Thatcher Government has been stressing the need for more flexible labour markets since it first took office in 1979 and yet it has taken six years even to publish a discussion paper. This is strange: the 26 wages councils which set minimum pay rates for about 2.75m workers in service industries such as retailing, catering and hairdressing represent a labour market distortion for which the Government bears direct responsibility.

The Government argues that there are now only two logical courses of action: a thoroughgoing reform of the councils or their abolition. Many employer groups, for example the Confederation of British Industry, favour reform. The CBI argued last year that wage council industries "generally had good industrial relations, and abolition could result in a more militant workforce." CBI members were also worried that abolition might increase the chance of a future government adopting a still more interventionist mechanism such as a national minimum wage.

Abolition

There is certainly scope for a clarification of the terms of reference of wages councils. Wages orders are often unnecessarily complex and difficult for the employers and employees of small companies to understand. At present, councils are able to set detailed minimum overtime rates, prescribe holidays and holiday pay and set various other conditions of employment. There is a case for giving councils the power only to set a single minimum rate for adult workers. The 5 per cent of wages council employees who are full-time workers under the age of 18 could be excluded from their remit altogether.

The Chancellor has already indicated that he favours the more radical course of complete abolition: the councils, he says, "destroy jobs by making it illegal for employers to offer work at wages they can afford and the unemployed are prepared to accept." The Treasury has not undertaken any detailed work to estimate the effect on employment of abolishing the councils. One outside study, using an old version of the Treasury model, suggests that abolition might create 8,000 new jobs over five years. If more up-to-date versions of the model were used, which contain a stronger jobs/pay link, the employment effect might be greater.

Compression

It seems improbable, whatever the precise assumptions adopted, that the direct consequence of abolition would be a substantial reduction in unemployment. The pay rates set by councils are already extremely low. Food shop workers, for example, are guaranteed minimum wages of only £44.72 a week under the age of 17 rising to £60.06 at 18 and £71.00 for adults. A trainee shampooist in hairdressing starts on a minimum wage of £30.04. The scope for pricing people into jobs at these wage levels is limited although this is not an argument against employers and employees having the freedom to negotiate lower rates.

The case for abolition of wages councils rests not on the proposition that this would be a panacea for unemployment but that it would send a powerful signal to all parts of the economy. The psychological effect of abolition could be significant: it is one of the few levers the Government can pull to encourage wage moderation. The hope would be that abolition would be one step towards encouraging a greater dispersion of wages in the economy which as the OECD argues in its analysis of the Netherlands is one cause of high unemployment. The compression of differentials between youth and adult pay, and between skilled and unskilled rates, has been a particular failing of the British labour market. Abolition of the wages councils would contribute towards greater flexibility.

EEC STEEL RESTRUCTURING

Why Ministers are poised to push the clock back

By Ian Rodger

A BITTER new row is likely to break out next Tuesday when EEC industry ministers meet in Brussels to review the eight-year-old Davignon plan to rationalise the European steel industry.

Ministers will have to admit publicly for the first time that support for their steel industries cannot be withdrawn at the end of this year as originally intended. That will set off angry exchanges over the failure of some countries to meet their commitments to cut steel capacity and free themselves of state subsidies. And there will be demands that a new regime must punish laggards, notably France, perhaps by taking away some of their production quota allotment.

Others will argue that even if every country had met its commitments, the industry would still be in serious trouble. As many analysts suspected, the amount of rolled steel capacity that EEC ministers agreed two years ago to cut—27m tonnes—has proved insufficient to provide a stable base for the market. EEC steel prices, even though supported by Commission-set minimum rates, still lag behind U.S. and Japanese levels by up to 30 per cent. EEC steelmakers still have capacity to make some 140m tonnes of rolled steel a year, but last year they actually made little over 90m tonnes.

Furthermore, EEC steelmakers' prospects have been further weakened in the past year by the imposition of import controls in the U.S. Now almost all of world trade in steel is controlled, and so producers will have to rely increasingly on their home markets for their sales.

The big question is what sort of regime will replace the Davignon Plan? Although few would admit it publicly, all the major producers and their governments want and expect the full panoply of price, production and import controls to remain in force. Paradoxically, the strong producers, such as the West Germans, are the most insistent on controls, seeing them as means of gaining protection from lapses of discipline by their subsidised competitors.

The main argument will be over how much more capacity should be cut, how the burden should be spread among the Community producers and how promotion quotas should be allocated.

Each country approaches these negotiations with varying strength, depending on the state of its steel industry.

● Britain. With the closure of the 500,000 tonne Hartlepool plate mill in January, Britain's total capacity reduction since 1980 went comfortably beyond the 4.5m tonnes demanded by the Commission. However, both the UK Government and industry leaders recognise that more cuts must be made to bring capacity into line with long term demand prospects. According to EEC figures, UK rolled product capacity is now about 18m tonnes, but consumption last year was only 11.4m tonnes.

The British Steel Corporation still wants to close one of its three strip mills, which would take out 2m tonnes at a stroke, but such a move is being resisted by the Government for political reasons.

The British steel industry will be able to carry on without subsidies starting next year. BSC, which has been heavily subsidised in recent years, would have made a small profit in 1984-85 if it had not been for the miners' strike.

● West Germany. Capacity cuts in the past two years certainly exceed the amount sought by the Commission, and the big four private sector producers, Thyssen Stahl, Krupp Stahl, Klöckner and Hoesch, have all returned to profit. But West Germany still has considerable excess capacity and the industry looks fragile.

Much of the recovery last year was due to the strength of demand for continuously cast semi-finished steel. Total West German deliveries of slabs and other semis last year to the U.S. averaged 40,000 tonnes per month, four times the 1983 level, and all producers benefited enormously from this dollar windfall.

Last year, home consumption was only about 23m tonnes and remains weak while rolled product capacity is over 46m tonnes. The big four pride themselves on being great exporters and still recoil at any suggestion that their capacity should be more in line with home market needs.

It seems likely that they will continue to hurt themselves by waiting righteously for others to make further capacity cuts rather than concentrating on improving the health of their own businesses.

The two state-supported groups, Peine Salzgitter and Arbed Saarstahl, are also weak. Salzgitter, which just reported a loss of DM 144m in 1983-84, hopes to break even this year. Saarstahl is overwhelmed by debt and the softness of demand for its bars and rod.

● Netherlands. Hoogovens, the Dutch steel group, returned to profit last year for the first time in 10 years, and expects to remain profitable this year. The company, which has the advantages of a single coastal site and modern plant, is committed to closing 1.4m tonnes of capacity by the end of this year, more than the Commission asked for.

● France. Delays in implementing the merger of the engineering and structural steels operations of Sacilor and Usinor, the two state-controlled groups mean that France will be several months late in reaching the Commission's closure demands. The two companies are also nowhere near viability. The French Government plans to provide FFr 30bn ($3bn) in subsidies between now and the end of 1987.

There is also a considerable risk that present closure plans could be changed or further delayed because of the approach of important national legislative elections next year. For example, the ambitious plan to build a big section mill in the Lorraine, killed last year, is being reconsidered. On the other hand, the Government seems in no hurry to accept the wishes of Sacilor and Usinor to join their flat products businesses in some way, with a view to co-ordinating plant investment.

France still has capacity of about 21.5m tonnes but produced only 16.4m tonnes of last year and consumed only 16.3m tonnes.

● Italy. Most of the 3.8m tonnes earmarked for closure in the public sector have already been made, mainly through the closure of all steelmaking at the Cornigliano works at Genoa. Finsider, the state-owned producer, has also undertaken to keep the second blast furnace at Bagnoli near Naples out of action until mid-1986.

In the private sector, applications have been received for nearly double the 2m tonnes of cuts which the Commission has demanded and in return for which the Government is offering incentives.

Finsider says that it will be viable next year, provided that the Italian Government pays L3,044bn (£1.23bn) to recapitalise the company and an additional L1,500bn for industrial restructuring. If these funds are forthcoming, Finsider forecasts that it will make a modest profit of L29bn in 1986 and L100bn in 1987. In 1984, it lost L1,400bn and expects to lose more than L600bn this year.

● Luxembourg. Arbed, the Luxembourg steel producer, has cut more capacity than has been demanded, partly in conjunction with Cockerill Sambre of Belgium, with which it has entered a production sharing agreement. Arbed last year posted its first net profit, LuxFr 5.8bn, since 1976. But the company's financial base is still precarious. Borrowings totalled LuxFr 62.5bn at the end of 1983 compared with capital and reserves of LuxFr 30.2bn.

The Luxembourg Government has agreed to inject a further LuxFr 9.07bn through an equity subscription, raising its stake to over 30 per cent.

● Belgium. The Belgian industry has made the cuts required by the Commission, but the future viability of Cockerill Sambre, the state-owned and largest producer, is far from certain.

In 1984, Cockerill broke even at the trading level, but probably suffered a net loss of between BFr 6bn and BFr 7bn, dragged down by financial charges of roughly BFr 3.1bn. With no further capital injections planned, the company is forecasting a net loss of around BFr 3bn this year, and further losses next year before becoming profitable at the end of 1986.

● Spain. As part of its EEC entry terms, the Spanish government is being allowed to continue subsidising steelmakers for three years. In return, shipments of Spanish steel to EEC countries will remain limited by quotas, which this year amount to only 797,000 tonnes.

Ambitious expansion plans in the Spanish steel industry in the early 1970s were based on forecast home consumption levels of 20m tonnes or more a year. Instead, the domestic market has shrunk in the past 10 years from almost 12m tonnes to around 8m tonnes. Production, which is increasingly geared to exports, edged up last year by 5 per cent to 13.5m tonnes. The Government's $3bn steel restructuring programme calls for cutting capacity to about 18m tonnes by 1988, which is unlikely to be enough to make the industry viable.

As EEC industry ministers approach next week's meeting, no one expects they will make much, if any, progress in designing the post-1985 regime. They will be pre-occupied with current steel trade problems with the U.S. and with a scrap crisis that has blown up recently because of the sharp rise in its international price. Some EEC steelmakers have asked the Commission to impose export controls.

However, it seems likely that the ministers will at least admit publicly for the first time that the steel problem is not going to be resolved this year. They may even air some thoughts about how much more capacity needs to be cut, thus opening the way for full-blooded public discussion.

Last week, the Commission floated its view that another 20m tonnes should go. Even though most steelmakers must by now recognise that trying to avoid capacity closures makes things worse for all, the 20m tonne figure, or any other figure advanced, is likely to be strongly resisted in some countries.

But the more difficult problem will be agreeing on market support and control mechanisms for the next few years. The danger in any managed market is that inefficient producers are protected and the overall competitiveness of the industry declines, to the detriment of its customers.

Many would prefer that the steel industry simply be thrown open to market forces. But that is no longer a real option. For better or worse, the steel sector in Europe has evolved into a series of ten national industries, each strongly supported both directly and indirectly by its national government.

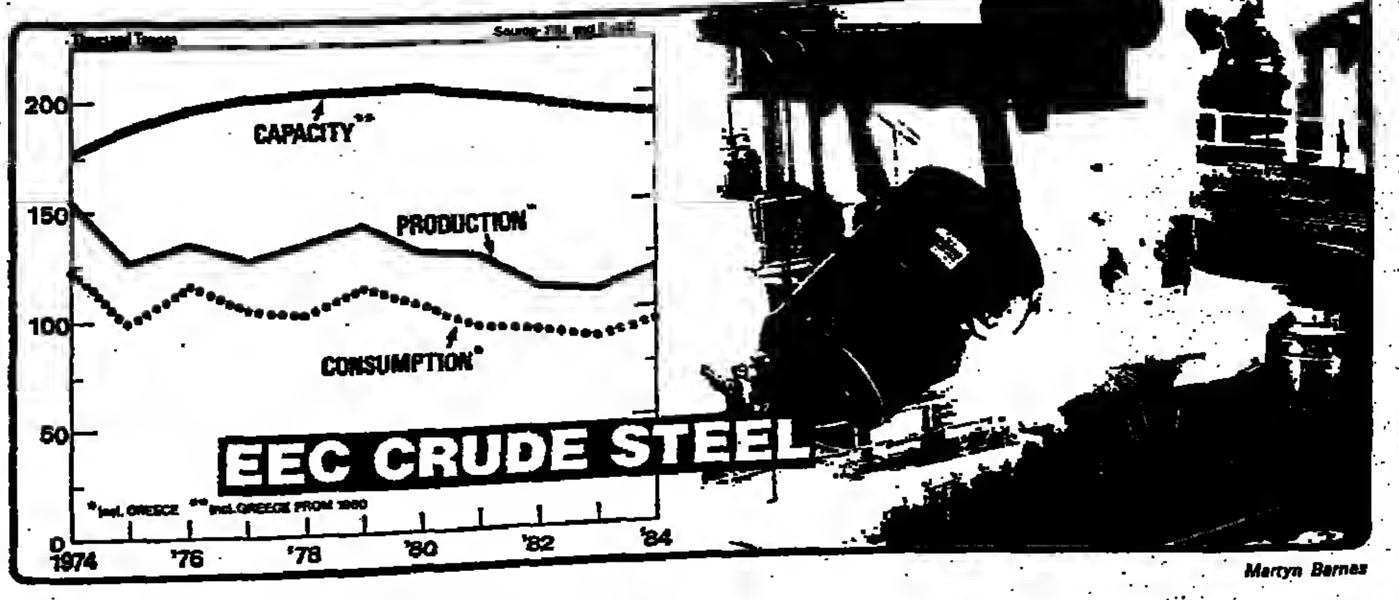
The West German steel industry association has proposed that for every DM 1bn of subsidies a company receives after this year, it should be forced to cut 1m tonnes from its rolled steel capacity. It should also surrender to its viable rivals 475,000 tonnes of production quota for a period of three years.

Most steelmakers and governments recognise that the industry's problems require more subtle responses. It is acknowledged that some companies have weakened themselves by investing heavily in new plant. But it would be foolish to force closures of new equipment while old machinery with a limited future life was spared. Similarly, it may not be wise to penalise a weak producer by taking away some of its quota, as this would only make it weaker still.

A more interesting suggestion is that minimum price levels should be programmed to decline regularly over a couple of years. This would have the effect of gradually increasing the pressure on producers to be efficient and disciplined in their pricing. Another idea is that quotas for groups of products—such as coated strip—should be merged, giving companies more freedom to exploit areas where they feel most competitive.

Undoubtedly, there will be a lot of threats and insults hurled about in the next few months, but solutions will be found. European steel consumers and taxpayers can only hope that the solutions will lead to a more competitive European steel industry, not another decade of footdragging.

With contributions from Peter Bruce in Bonn, James Burton in Rome, Paul Cheeseright in Brussels, David Housego in Paris and David White in Madrid.



Martyn Barnes

WHERE THE CUTS HAVE COME

Rolled steel capacity reductions in EEC countries

Country*	1980 capacity '000 tonnes	Cuts demanded in June, 1983 '000 tonnes	Cuts achieved by Dec 31, 1984 '000 tonnes
W. Germany	53,117	6,010	6,295
Belgium	16,028	3,155	3,182
Denmark	941	66	66
France	24,869	5,311	3,631
Italy	36,294	5,834	3,494
Luxembourg	5,215	960	1,045
Netherlands	7,297	950	82
UK	22,840	4,500	4,101

* Ireland and Greece are not in the capacity reduction programme.

Source: European Commission

Men and Matters

New broom in Brasilia

A new broom is sweeping Brasilia. The very first action of the new Central Bank governor, Antonio Carlos Lemgruber, was to order the compulsory winding up of Brasilinvest, an investment bank run by one of the country's best known financier-entrepreneurs Mario Garnero.

Garnero was one of those magical men whose rise under the military seemed to know no bounds. Based on charm, confidence and connections, he rapidly built up a financial and industrial group of 16 companies. Its prestige symbol was the tall, black twin towers of Brasilinvest Plaza in Sao Paulo.

In the process, he attracted a distinguished cast of directors from Brazil and the U.S. to grace his boardroom. Among them were George Shultz, U.S. Secretary of State, and William Simon, former U.S. Treasury Secretary.

Garnero liked moving in high circles. In November, 1982, when President Reagan visited Brazil, it was he who acted as host in Sao Paulo. Afterwards he was named "Man of the year" by the Brazil-U.S. Chamber of Commerce in New York.

And when his overstretched group started to get into financial difficulties last year, he went straight to President Joao Figueriedo to try (unsuccessfully) to sort it out.

All that has now changed with the end of the Brazilian military regime. The new finance minister, Francisco Dornelles, has asked his justice counterpart for the preventive imprisonment of Garnero. A confidential report from the Central Bank, leaked to the press, speaks of "grave irregularities" in Brasilinvest's affairs.

Our charge is that the financier set up a sheaf of paper companies to which loans were made from the investment bank. Uncovered liabilities of Brasilinvest are put at nearly U.S.$90m out of total liabilities of $143m.

Garnero's personal assets have frozen by the central bank pending the outcome of its inquiries. So, too, have the assets of a roll-call of the famous in Brazil, all of whom served on the group's council of administration.

Among them are Wolfgang Sauer, president of Volkswagen du Brasil, the country's biggest vehicle manufacturer, and Helio Smidt, president of Varig, the Brazilian international airline.

Perle's peril

Richard Perle, the right-wing "enfant terrible" of the U.S. arms control establishment, has never been one to hide his contempt for what he regards as woolly or "naive" thinking about the Soviet threat, particularly among Europeans.

So it comes as no great surprise that he should have been the first to cast aside diplomatic niceties and pour scorn on the mild-mannered Sir Geoffrey Howe for daring to raise public doubts about President Reagan's "Star Wars" initiative.

Super-hawk Perle, 43, is only one of a dozen U.S. assistant secretaries of defence, but he is widely credited with being the single most effective in-fighter in the arms control jungle in Washington, where he is known as "the Prince of Darkness."

A disciple of the late right-wing Democrat Senator Henry "Scoop" Jackson, and still a Democrat himself, Perle had a major hand in blocking the ratification of the 1972 SALT 2 strategic arms limitation treaty. He has since gained notoriety for torpedoing further arms control initiatives, on the basis that U.S. security is probably best served by an unrestrained arms race that the Soviet Union will lose.

The Soviet Union, he has said, is "a place where everyone lies all the time." — and he would much rather press ahead with "Star Wars" than be constrained by any agreement on which Moscow would be sure to cheat.

Perle — already widely unpopular in Europe as the driving force behind the Reagan campaign to curb exports of technology to Eastern bloc — passionately believes that "Star Wars" will work.

History shows, he says, that when scientists have been divided over whether something can or cannot be done, those who say it can, have usually been proved right.

History is one of his favourite subjects — and he believes it is on his side. "I don't want to make too much of this," he said recently, "but if you go all the way back and look at arms control, let's say back to Carthage, you will see that after all the agreements Carthage made with Rome, Carthage was destroyed anyway.

Tailor-made

When Charles Laughton was cast as Captain William Bligh (1754-1871) in the first film of Mutiny on the Bounty, he visited London's top-people's tailors, Gieves and Hawkes, to see if they could advise on his uniforms.

Within a few minutes an assistant had produced a leather-bound ledger with Bligh's original specifications and measurements.

The ledger and others like it —including records of perhaps the company's most famous customer, Lord Nelson — were destroyed in the London blitz.

But some painstaking research has still enabled former managing director, David Gieve, to put together a fascinating history of the company as it now celebrates its 200th anniversary.

Founded in Portsmouth by the grandfather of novelist, George Meredith—the Gieves family came into the business in 1852 —the company made its reputation as outfitter to the Royal Navy, from cadet to admiral.

Its standard of service was remarkable. It sailed a large yacht, equipped as a tailor's workshop, to the Crimean War. It designed a successful life-jacket (complete with flask of brandy) during World War I. In the 1920s, a personal courier delivered a new collar stud from Malta to a midshipman serving with the fleet off Constantinople.

Gieves virtually became another arm of the Navy. In the 1930s, it loaned £27,000 to a ship's paymaster to pay off his crew on a Saturday because the Admiralty office had no cash.

The naval connection brought Gieves warrants from British royals—it made the pages' uniforms for Prince Charles' wedding—and foreign rulers.

And the company is still expanding its operations from 1 Savile Row, with Robert Gieve, representing the fifth generation of the family on the board. It has recently opened 30 departments in leading stores in Japan, whose naval uniforms it helped design at the turn of the century.

It plans similar outlets soon in the U.S.

Observer

"Nowadays it's not which school you went to so much as which ministry you worked in"

DON'T OVERLOOK the Prime Minister. Chancellor Lawson's Budget this week was hers as much as his, and the main battles in the Conservative Party between the radicals and the consolidators remain to be fought.

The Budget was in many ways a holding action. It was designed to reassure the financial markets that the Government has slipped not a jot in its determination to reduce inflation. After the fall in sterling in recent weeks, that bit was unavoidable, and may have succeeded—at least for a while. Benign neglect of the exchange rate, as the Chancellor freely admitted, is not an option.

There was also a clear commitment to the supply side. Several people have asked me what that means. It means trying to identify and then remove the structural obstacles to economic growth. Mr Denis Healey, when he was Chancellor, gave a perfect illustration. How was it, he wondered, that while the British demand for cars was rising, output by British Leyland continued to fall?

The reasons may lie in bad industrial relations, uncompetitive costs, poor training, lack of incentives, shoddy design, the absence of labour mobility, which may be related to the housing market, and perhaps in the British education system in general. The country does not want to compete too hard, though there are always exceptions.

Politics Today

Not always seeing quite eye to eye

By Malcolm Rutherford


Mr Lawson and Mrs Thatcher: public spending battles ahead

Anyway, the supply siders in the Government have won. Of that there should be no doubt. There was nothing in Chancellor Lawson's second Budget in the way of encouraging demand through public works programmes or public investment of any kind. The Heaths, the Gilmours, the Pymns and the Tory Reform Group on the left of the party have all been ignored. The Budget is a recipe for the long slog of better training, greater labour mobility and providing the opportunities for people to price themselves into work.

Possibly the Chancellor did not explain that too well. But there should be several occasions for Ministers to develop the case in the next few weeks as more details of the supply side measures come out.

Apart from Mr Lawson himself, the seminal influences on what went into the Budget seem to have come from Lord Young, the Minister without Portfolio with special responsibility for training and unemployment, and from the Prime Minister's Policy Unit, headed by Mr John Redwood.

Lord Young will be especially important in the follow-up, for most of the Government's proposed training measures depend on co-operation between employers and trades unions. The bulk of the money is meant to come from business, not from Government.

Lord Young had a good track record in his relations with union leaders and the TUC when he was head of the Manpower Services Commission, so that part of the budget package might come off. It might even herald a new relationship between the Government and the TUC, but that is a suggestion rather than a prediction.

The Policy Unit has come into its own as the successor to the "Think Tank" or Central Policy Review Staff, which Mrs Thatcher abolished after the last general election. It monitors and advises Government departments, though only on domestic policy. It is an essential route to the Prime Minister, providing in effect her personal briefing staff.

Unlike the old think tank, it never goes public. Under Mr Redwood, its direction is very much towards deregulation and the removal of as many controls as possible. But it also has its compassionate side. The reduction of unemployment is seen as almost the political priority. Its conclusion is that supply side measures, including the expansion of the Community Programme to improve the inner cities, are the best way of achieving it.

So much for the areas of inter-governmental agreement. The supply siders are on top, probably for the length of this Parliament. Yet there may be some very striking disagreements still to come.

For the Budget was interesting at least as much for what it left out as for what it included. For instance, the Chancellor was unable to say what is coming in the way of the reform of social security benefits. The original idea was to put that in as part of the general package.

In part, that proved impossible because of such external events as President Chernenko's funeral, taking Mrs Thatcher to Moscow again. The Chancellor also cancelled several key Cabinet Committee meetings because he was up to his eyes in other aspects of the Budget.

Those perfectly reasonable excuses conceal that there is a fight going on. When Mr Norman Fowler, the Secretary of State for Social Services, first put forward his proposal for a review of social security benefits—the biggest, he said, since Beveridge—he insisted that the aim was structural reform and simplification. He made neither the threat nor the promise of saving money.

Now it seems that the Treasury has written the determination to cut costs into the review. Mr Fowler is said finally and reluctantly to have accepted this. But it means that there will be a good deal of haggling about the future of the reforms.

That particular problem is illustrative of others. You do not have to read the Budget speech and the figures that go with it with a microscope to see that the squeeze on public spending in the next year or two is going to be tighter than ever.

The exercise in controlling public expenditure in the current year was none too successful, and not only because of the additional costs imposed by the miners' strike. One Treasury explanation is that it had to be completed before the flotation of British Telecom, so that it was much too cursory.

Another explanation, given at the time by Lord Whitelaw, the deputy Prime Minister, is that the system of the Star Chamber no longer works and cannot be used again. The system consists of referring disputes between the Treasury and the spending departments to a senior Government figure thought to be above the political fray: for example, Lord Whitelaw. Indeed he is perhaps the only example that anyone can think of. Any other senior Government figure wants to succeed Mrs Thatcher in due course.

There have been various considerations of how to do it better, but since no one has come up with a preferred solution, it looks as if Lord Whitelaw is going to be roped in again.

Yet it is going to be a horrendous task. It could be facilitated by having a stronger Treasury Ministerial team: for instance, there could be a more effective Chief Secretary than Mr Peter Rees, and Mr John Moore, the Financial Secretary, has not quite lived up to his earlier promise. Mr Lawson says that when he was Financial Secretary a few years ago, his work load varied according to the competence of the Chief Secretary. When it was Mr John Biffen, now the Leader of the House of Commons, it went up: hence a large part of the origin of the Tory split between the radicals and the consolidators.

Strengthening the Treasury team has been a hallmark of Mrs Thatcher's administration. But even if Chancellor Lawson is given more heavyweights to support him, there will still be two problems. One is the general reluctance of the Government to take on the Conservative Party. The other is the Prime Minister.

Mr Edward Heath, in his dismissive moods, talks about the Tory Party as "they" rather than "we." Lord Carrington did it all the time. It has become interesting to note how far some present senior ministers have adopted the same habit. "The party won't wear it" has become a common excuse for eschewing radical action.

True, there are still obstacles to change within the Cabinet: Mr Peter Walker, who lets it be known outside that he is not always in tune with Government policies, but who is probably safer kept in the fold. Other ministers simply stand up for their department.

The key question, however, is: how radical is Mrs Thatcher? After all, some major tax changes have been ruled out by her fiat. The Chancellor would have been more than happy to have reduced, even abolished, mortgage interest rate relief, but it is the Prime Minister who defends it—it is said—out of gut political instinct. We want, she claims, a home-owning working class. Indeed it was stated this week that if the majority of the Cabinet came out in favour of abolition, Mrs Thatcher would resign, stand for re-election in the party, and win. That is why some of the tax reforms have not appeared.

The decision not to extend the base of value added tax during the life time of this Parliament seems to have been taken, certainly to have been easily endorsed, by the Chancellor, largely on the grounds that extension would have been unpopular in the country and in the party. There is a limit, he says, to the number of battles that you fight at once. Mr Lawson has become much more political that he used to be, and the thought crosses the mind for the first time that he might be seriously thinking about the succession.

Still, the main battles in the next few months will be over public spending. The Chancellor is committed to containing it. So is the Prime Minister, but they do not always see quite eye to eye, and although they will almost certainly remain together, one can predict some casualties along the way.

Lombard

Time to privatise the bill mountain

By Anthony Harris

THE NEWS that the official bill mountain has now reached the amazing height of £12½bn—a fact which can be mined with not too much effort from the official money supply figures published yesterday—deserves some sort of celebration. It means the Bank of England, which is supposed to control credit, has now on its own account lent enough money to industrial and commercial borrowers to satisfy the whole of the private sector's borrowing needs for more than eight months. Measured against demand, indeed, it is beginning to approach the scale of butter mountains and wine lakes. To describe the Bank of England as lender of first resort seems almost too modest.

The counterpart of this mountain is an equal-sized mountain of gilt-edged stock. The whole process, known as over-funding, might be more vividly described under a title which would have appealed to the late Stephen Potter: How to Control the Money Supply Without Actually Restraining Credit. It is one of our odd little British ways of doing things.

Friends of the over-funding technique like to explain that the end result is exactly the same as it would be if corporate borrowers were prepared to use the bond market on their own account. They would borrow long-term from bank depositors and use most of the proceeds to repay loans. The cash would stay inside the banking system, and the money supply would be unchanged. When they prefer to borrow short from the banks, the banks have to bid for deposits to finance this lending. The Bank of England duly mops up this extra money by selling gilts, and returns the cash to the banking system by buying bills. Once again, the public is left holding more bonds and an unchanged supply of money: the only difference is that bank lending looks much higher.

Now all this is as true as statements based on accounting identities invariably are; but like all such statements, it is really a bit beside the point. The point is not whether this is a successful way of massaging the Sterling M3 statistic, but whether it distorts the operation of the credit market, and quite clearly it must. A single player operating on this scale in a rather narrow sector of the market cannot help causing a disturbance, however delicately he tries to operate. Indeed, I would argue that the purpose of the operation is to distort the market—to reduce the growth of liquidity without actually driving up short-term interest rates.

This poses no actual operational problems—except for taxpayers, who have to finance higher rates of interest on a swollen issue of gilts—if the only policy objective is to avoid a rise in building society mortgage rates, which is how it sometimes seems to look from No 10. However, there are times, and we are living through them, when other considerations, notably the exchange rate, are more urgent.

Then a problem can indeed arise. The Bank of England cannot buy bills on a huge scale without affecting their price—and this is especially true when companies are in a strong cash position, and have little need to borrow. In these circumstances, the effort to over-fund can actually drive short rates down enough to weaken sterling; but if the effort is relaxed, the broad measures of money supply grow too fast, and this can also undermine confidence and the exchange rate. What is more, the intervention creates cheap borrowing opportunities for corporate treasurers which can provoke arbitrage transactions, and at worst inflate the money statistics still further. It is the sort of blinding headache which only the British monetary authorities seem able to invent for themselves.

The answer, which should appeal to the present government, is privatisation. The Chancellor seemed to recognise this when he opened the way for short corporate bonds in the Budget; but can be really imagine a £12½bn market appearing here? It is a straight commercial paper market, such as finances half of commercial borrowing in the U.S., which could make the whole charade unnecessary. Let the market decide.

Letters to the Editor

Agricultural support

From Mr P. Richardson

Sir,—I naively believed Samuel Brittan to be the type of journalist who examined all sides of a question before commenting on it. His latest tirade against all forms of agricultural support (Lombard, March 18) reflects a very one sided taste in background reading.

Just as the case put by the miners rests strongly in the social consequences of reducing capacity, and transcends purely economic considerations, so too the philosophy of the common agricultural policy is strongly social in concept. Few would deny that a change in direction of this policy is overdue. Even fewer, on examination of the complex rural problems which would result from removal of farm support, would suggest, as Samuel Brittan does, that "all domestic farm support not required by the EEC" should be removed.

I make no excuse for arguing the case for support measures which seek to maintain the character of our rural environment. Conservation, rural employment and the whole rural economy depend heavily on the relative prosperity of agriculture. It may have escaped Mr Brittan's notice that the real trend in incomes of agriculture over the last decade, despite the enormous cost of the CAP has been downwards. If he were a realist he would also bear in mind the extreme protectionism afforded agriculture outside the EEC.

It is interesting that the majority of bodies interested in the countryside, who have until recently vigorously attacked farming, are now publicly stating that they support the concept of a healthy farming industry. Think again Mr Brittan—do your research in the wider problems of agriculture and turn your agile mind to practical solutions rather than pedantic and impractical statements.

Philip E. Richardson,
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Wymondham, Downham,
Norfolk.

Giving selling a bad name

From the South West District Manager, Wang (UK)

Sir, — How I agree with Tony Jackson (book review, March 6) about people like John Fenton giving selling a bad name. Mr Jackson quite correctly highlights that it is simply not good enough to knock prospects over as if playing some sort of game of mind skittles.

Truly professional salesmen display all the skills that are normally associated with the more "acceptable" traditions, such as discipline, hard work, intelligence, training, etc. It is about time that the professional salesman in Britain was recognised for his skills and importance to industry and commerce as much as he is in other countries, notably the U.S. It is always worth remembering the old adage that in business nothing happens until someone sells something.

It is accepted that, as with any profession, certain skills acquired by a salesman will ensure he does his work more effectively and efficiently. One does not get to a position of earning £40,000 plus per annum, as good salesmen do in my industry, without considerable reserves of energy and intelligence. The "foot-in-the-door" merchants who leaves you feeling conned after the event does not have the credentials to be called a salesman, and my profession will continue to be demeaned as long as these people are encouraged by some of the gospels preached by Mr Fenton.

Jeff Barnes.
100, George Street, W1.

Engineering earnings

From Dr P. Waters

Sir,—I have been catching up on my reading after returning from a visit to the U.S. for the Society of Automotive Engineers annual congress and I read the article by John Griffiths (March 6) on the motor industry's 'growing research crisis' with interest. I think that the reason for the apparent shortage of suitable manpower experienced by Jaguar Cars and the civil service and no doubt by many other engineering organisations is not hard to find.

Ron Mellor (vice president, Ford of Europe) in his Thomas Hawksley Lecture to the Institution of Mechanical Engineers in December 1983 said that despite the decline in the UK's manufacturing base, the UK was still a good place in which to get vehicles designed.

One of the reasons he gave was that the labour cost of a professional engineer in the UK was about half that in Germany.

I can add that, for example, the salary of a professional engineer in the civil service has declined over the last decade or so from about a 15 per cent differential over the equivalent administrative grade to about 10 per cent below. The labour cost of a professional engineer in the UK is less than a quarter of that in the U.S. Young graduate engineers that I met on my recent trip were expecting starting salaries of $18,000 to $23,000. Many chief engineers here earn no more than that!

I would like to ask the Ron Mellors of this world how much longer they expect the UK to be a good place in which to get cars (or any other engineering products) designed?

(Dr) Paul E. Waters.
105 Highland Road, Bromley, Kent.

A help to small businesses

From the Chairman, ECGD Whitley Council, Department Trades Union Side

Sir,—The letter from Mr Strand (March 13) goes straight to the heart of the present debate about the future of Export Credits Guarantee Department's short term bank guarantee schemes.

It should be clear by now to the department and the Minister for Trade that a great many companies would be placed in extreme difficulty should the schemes be discontinued. That being so, it is essential that the department sets out clearly and publicly the financial case for abolition. It is the trade union side's belief that the figures which the department has quoted in support of its case are misleading in their present form and we support Mr Strand's appeal for more information on them.

Whatever its other faults, the recent select committee report did serve one useful purpose, in that it stated quite clearly that ECGD's operations and financial performance should be assessed over the longer term. We have been arguing for some time that the department has panicked over losses sustained during the exceptional trading conditions of the last few years and we hope the select committee's report augurs a return to calmer consideration of the service which ECGD provides. In our view, ECGD should not discontinue a particular facility until it can be shown that the facility's losses outweigh its value to the country's export effort. We have still to see a convincing case on this basis for the abolition of short term bank guarantees.

It is clear that the abolition of the "open account" bank guarantee scheme would hit particularly severely at small companies. This harsh fact sits uneasily with the Government's praiseworthy efforts to help small companies by setting up a task force under Lord Young to enable them to emulate the success of their American counterparts.

John Sweeney.
Room 4-110 Crown Building,
Cathays Park, Cardiff.

Export credits guarantee

From the Secretary, Export Credits Guarantee Department

Sir,—Without embarking on a debate about the future of the ECGD comprehensive bank guarantee scheme, I should like to answer some of the questions of fact raised in Mr Strand's letter of March 13.

The facilities have existed for some 20 years. The cumulative losses have arisen mostly within the last five years.

Losses are attributed to the scheme when policyholders cannot meet their obligations to repay ECGD when claims have been paid to the financing bank in circumstances where the underlying insurance to the exporter does not apply.

Administrative costs relate to the costs of administering the bank guarantees per se. Where staff are engaged in other work as well, we have to make the best estimate we can.

The total value of the relevant current guarantee is approximately £450m—a third of the figure four years ago. In the same period premium income, at some £2m per annum, has halved.

Jack Gill.
P.O. Box 272,
Aldermanbury House,
Aldermanbury, EC2.

Mountbatten's politics

From Mr Cecil King

Sir,—I see (March 16) that I am quoted by Mr Julian Amery as saying to Lord Mountbatten that he should take over the government of the United Kingdom in some sort of coup.

I never advocated any such action at all at any time. In fact I told Lord Mountbatten when we met in 1968 that he should not assume any political stand.

Cecil H. King.
The Pavilion,
Greenfield Park,
Dublin.

Taxing a gift from on high

From Sir Patrick McCall

Sir,—I greatly enjoyed Mr Cannon's article on March 16 but has not the Chancellor been taxing rain for a very long time? That is, after all, what whisky is — with a pretty colour and a nice taste and reaction.

(Sir) Patrick McCall,
Auchenhay Lodge,
Corsock,
by Castle Douglas,
Kircudbrightshire.

FINANCIAL TIMES

Friday March 22 1985

BLOW AGAINST INCOMPETENCE AND CORRUPTION

China switches economics jobs

BY MARK BAKER IN PEKING

THREE of China's top economic posts have been reshuffled in what appears to be a fresh assault in the campaign against incompetence and corruption in the bureaucracy.

The Foreign Economic Relations and Trade Minister, Madam Chen Muhua, has stepped sideways to become president of the People's Bank of China, the central bank.

The Auditor-General, Yu Mingtao, has been removed – a week after the disclosure that the state lost more than $1.67bn last year because of accounting "irregularities," including concealed profits, faked losses and tax evasion. He has been replaced by Lu Peijian, the former head of the People's Bank.

The new Trade Minister is Zheng Toubin, formerly the most senior of four vice-ministers in the department.

Madam Chen, an alternate member of the Politburo, a state councillor and the most senior woman in an active leadership post in China, is moving to an important post of roughly equal status in the complicated hierarchy of Chinese government.

The bank presidency is a less glamorous appointment than running China's trade and foreign economic dealing, however – despite the recent restructuring of the Chinese banking system – and a post in the past which has been filled by more junior officials.

There has been criticism of Madam Chen's handling of trade in the past year and of continuing corruption and obstructionism in the ministry. More than 180 ministry officials were disciplined recently, some of them jailed, in a scandal involving extensive malpractice and abuse of power.

The leadership reshuffle was ordered by the standing committee of the National People's Congress on the recommendation of Premier Zhao Ziyang.

The Chinese leadership has been battling against a rash of price manipulation, profiteering and illegal spending by party and state officials which, some leaders have warned, could undermine the economic reform programme launched last October.

The reshuffle is in line with other moves to enforce tighter discipline in the bureaucracy, wipe out the foreign currency black market and enforce price controls.

It was disclosed a week ago that Jin Deqin, president of the Bank of China – the foreign exchange bank – had resigned after facing strong criticism within the party.

Conflicting reports suggested that he had been ousted for tolerating excessive staff bonuses and for not exercising tighter control over foreign exchange circulation. The central authorities have been demanding firm action on both issues.

A state council circular publicised earlier this week promised strong penalities, including jail terms, for currency trading outside the authority of the Bank of China.

● Premier Zhao has blamed technological backwardness as a major impediment to China's modernisation and called on the country's scientists to find ways of improving industrial production. Reuter reports from Peking.

In a speech to a Peking scientific conference made public yesterday, Zhao said it was vital to link science with industry. "Econnmic advances rely on science end technology, and science and technology should serve economic construction."

Attempt to counter "evil winds" of corruption, Page 4

Denmark faces widespread industrial disruption

By Hilary Barnes in Copenhagen

DANISH INDUSTRY is expected to be paralysed from Sunday by a combined strike and lockout affecting over 300,000 workers. The strike will hit power stations, petrol and oil distribution, food distribution and air transport.

SAS, the airline, said civil traffic to all Danish airports would stop from midnight on Saturday.

Prime Minister Poul Schlüter, who heads a four-party non-Socialist minority Government, said the Government would not intervene to stop the strike and lockout with a statutory settlement. He added that the Government would do whatever was necessary if vital services were affected.

The conflict, the first major one since 1973, became inevitable when negotiations for a two-year collective wage agreement between the LO, the trade union body, and the employers' association broke down yesterday afternoon.

Tha official mediator, who has postponed the conflict since March 1, announced that he was unable to make further progress and was breaking off his mediation effort.

Danish exports will be hit by the conflict. The Agricultural Council estimates that bacon and dairy exports worth DKr 500m ($43m) a week will be stopped, including supplies of bacon to the UK.

If the conflict runs for more than a few days, the country will rapidly suffer from a shortage of petrol and oil deliveries. Supplies of some foodstuffs, including dairy products and meat, could also run short fairly quickly.

The unions have been seeking a reduction in the working week from 40 to 35 hours, a substantial wage increase for the lowest paid workers and a general increase for other workers as well.

The employers have taken a hard line, arguing that since 1982 inflation and the rate of wage increases have been halved and that only continued moderation can enable Danish industry to maintain its export competitiveness.

Average hourly wages in industry increased by about 4½ per cent in 1984 and consumer prices by 6 per cent.

The Prime Minister said that a conflict would inevitably halt the economic recovery which the country had experienced since mid-1983. "The people's economic security and welfare are at stake," he said.

The opposition Social Democrats hlamed the Government and the employers for the breakdown in negotiations, but said it must now be up to the labour market's partners to find a solution without the help of the politicians.

THE LEX COLUMN

Telecom comes up with the numbers

The U.S. economy chose yesterday to run through its recent history in reverse. Hints of a much lower growth and rather higher inflation in the first quarter gave extra urgency to selling of the dollar.

Given that the dollar's constant advance has been keeping the lid on domestic U.S. prices – holding commodities down and allowing consumer imports to remain cheap – its decline now would at the least present some difficult problems to the Federal Reserve.

To the Bank of England, now apparently being asked to clamp down on money harder than at any time since 1980 – making Wednesday's base rate cuts look precarious already – that must all look terribly familiar.

BT

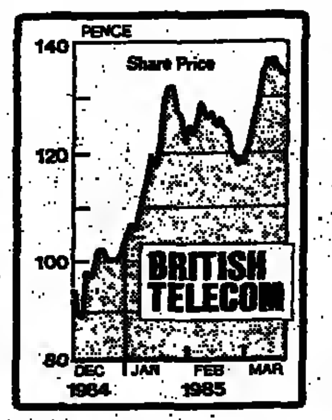
For a good part of the market, details of third quarter results from British Telecom can be neither here nor there. Secure in the knowledge that BT will be permitted to show index-linked profit growth so long as it manages to control costs, many fund managers will be happy to regard BT as a black-box; what commercial hardware is used to generate the revenues is of little interest.

Yesterday's pre-tax surplus of £386m for the three months to December will have served its turn by demonstrating that the machinery is running smoothly enough to keep profits growing at a good 20 per cent. The shares were steady yesterday at 134p.

There are one or two puzzles in the figures, which are at least as short on operating information as the half-yearly coupon on an index-linked gilt. The benefits of a marketing approach that emphasises "call-stimulation" rather than attracting additional low-turnover domestic subscribers are showing through in a higher estimate of volume growth – but BT does not care to say which parts of the market are being more effectively stimulated.

At the same time there is a mildly disquieting rise in costs – up nearly 10 per cent on the third quarter last year.

On balance the end-product is still a fraction better than expected. Relying on the previously unpublished seasonal pattern for 1983, it is possible to justify a full-year profit of a little under £1,500m. If the higher costs of the past three



months turn into a trend, that could yet trim £50m off the most conservative estimates.

BT claims that the clump of bad debts and adverse currency movements was exceptional. If that is so, the shares should sail through the June call – and their accompanying loss of the first telephone voucher.

Britoil

Britoil must feel like it is running into a gale-force wind these days as it watches its share price shrug off good news. Its great profit strides have been getting it more or less nowhere while the Government's 49 per cent stake threatens to burst upon the market at any time.

Yesterday the shares rose 5p to 222p – still only 7p above their 1982 issue price.

Last year's net income of £169.4m – up 18 per cent – is impressive enough at first glance. Closer observation reveals that the figure would have been another £20m or so larger had Britoil not made the quite understandable mistake of selling some dollars forward last autumn when it thought the currency had peaked.

The company's conservative accounting policies mean the 1984 figures have been made to bear the brunt of hedging for 1985, leaving very little exchange rate risk for this year.

The dividend was also encouragingly higher than expected. If Britoil continues its policy of paying out about a third of net profits, the prospective yield is a whacking 8.7 per cent.

As for profits themselves, Britoil looks set to deliver about £200m this year, barring any great upsets in the oil market. Production will only inch up, but the average sterling price of oil for 1985 may well be higher.

The financial position, meanwhile, is extremely sound, with no net debt at the end of the year and a net 1984 cash inflow of £47.9m.

If all this is encouraging for the share price, however, there is hardly a broker in sight who does not recommend selling at 240p. If only the Government would offload its stake, the shares – after an initial bettering – would have a far easier ride.

Jaguar

Too many investors have seen Jaguar, maker of glamorous cars, as a glamour stock. The shares, among the most heavily traded, raced away from last year's generously priced opening of 165p to 363p last week on the belief, as much as anything, that the soaring dollar could take 1984 profits to over £100m pre-tax.

Yesterday, that assumption was dented when the company reported £91.5m pre-tax and the shares, which had dropped a gear in advance of the figures, fell 17p to 313p. Jaguar explained that it had hedged against currency movements, boasting that the missed currency profit was a price worth paying for steady progress.

Jaguar wants to have the aura of commercial confidence that surrounds Mercedes-Benz or BMW. So it hedges currency, and it builds up sales in unexploited markets, particularly West Germany, to limit dependence on the U.S., which last year took 55 per cent of output.

Jaguar has also held back the XJ40. Amid typical industry rumours of minor teething problems, it clearly makes sense to give the engineers more time with the new model. More important, the group can maximise profits from the current range, keeping the cash balance growing from £100m net at the year end to perhaps £200m by the end of 1985.

Traces of the old Jaguar still show beneath the gleaming bodywork of the new public company – a strike that cost 1,000 cars, taking perhaps £3m off profits, and the slow rationalisation of a sprawling U.S. dealer network. But if the cars now have a re-established image of quality about them, so do the shares. On London market expectations of £130m pre-tax this year and a 45 per cent tax charge, they are not expensive on a multiple of just under eight.

Subsidence may hit Ekofisk gas sales

By Fay Gjester in Oslo

PHILLIPS PETROLEUM, operator on the Norwegian Ekofisk nil and gas field, has warned its European gas customers that it may have to cut deliveries next winter because the seabed in the central part of the field is sinking.

Some of the gas prodnced together with oil oo Ekofisk may have to be reinjected into the reservoir in an attempt to slow the subsidence, which – if it continues – could threaten the safety of field installations.

Phillips has sought to buy gas from the Anglo-Norwegian Statfjord field so that it can maintain supplies to its customers if reinjection proves necessary. So far, however, the operator companies on Statfjord – Mobil and Statoil – have refused to sell. They said all the gas they could produce had been sold in advance to continental European buyers.

To date, all Statfjord's gas has been reinjected, pending completion of the Statpipe gas-gathering line, which links the field with Ekofisk. From this autumn it will begin to flow to Emden in West Germany, via a processing plant on the Norwegian coast and the Ekofisk centre. From there it will use the same line as gas from Ekofisk.

Meanwhile, Norway's petroleum directorate has asked operator companies on other Norwegian fields to look out for signs of seabed subsidence. Satellite navigation systems may be used – as is now being done on Ekofisk – to map the extent of the problem.

Subsidence, caused by petroleum extraction which compacts reservoir rock thousands of feet below the seabed, develops so gradually and evenly that it can be difficult to spot. On the central part of Ekofisk, sea depths increased by about two metres before Phillips realised what was happening.

Even now, experts disagree on the extent of the Ekofisk subsidence so far and the pace at which it is continuing.

France close to agreement on dropping EEC right of veto

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government is close to agreeing to abandon the 19-year-old system under which EEC member-states have the right to veto Community decisions that they judge prejudicial to their "vital national interests."

A proposal to abandon the so-called Luxembourg compromise in the interests of speeding progress towards European union was made last week by representatives of the six founder-nations of the EEC.

They signed the majority report on European union prepared under the chairmanship of Senator Jim Dooge of Ireland. Among the signatories was M Maurice Faure, the personal representative of President François Mitterrand on the committee.

French officials said yesterday that though the work of the Dooge committee had increasingly reflected an inter-governmental approach, M Faure's views only committed himself. The officials said, however, that there had been a marked shift in the French Government view in favour of majority voting to speed Community business except in two or three specific cases.

These included the enlargement of the Community, the scope of European union, and a limited number of other items laid down in the Treaty of Rome as requiring unanimous approval.

The Dooge committee's report will be discussed by heads of government of the EEC at their summit at the end of tha month.

Although France was the initiator of the Luxembourg compromise, which allowed member-states to block decisions affecting their vital national interests, President Mitterrand made clear in May that he was distancing himself from it. In his speech then to the European Parliament he said France had already proposed that the veto should be restricted to certain "precise cases." A return to a more frequent use of majority voting on major issues would mark a return to the Treaty.

The difference between the French view and that of Britain, which is more hesitant over the abandonment of the Luxembourg compromise, emerged clearly yesterday with a speech in Paris on European questions by Sir Geoffrey Howe, the British Foreign Secretary.

He said there would be more need for majority voting, but added that he did not believe "any member-state is prepared to be voted down on an issue of vital importance."

In the British view there should be a special council procedure under which a state invoking the compromise would be required to explain why it believed important interests were at stake.

In a speech designed to show Britain's commitment to Europe Sir Geoffrey said the priority goal must be the full opening of the EEC internal market to remove continuing obstacles to trade.

He implied that the UK saw little need for a European treaty to replace the Treaty of Rome. The founders of the Community had charted the steps to union in the treaty. "We should not discard their map because the road is a steep one."

Jaguar's 83% profit rise fails to meet market expectations

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

JAGUAR, the British luxury car group, boosted taxable profits by 83 per cent to £91.5m ($108m) in 1984 against £50m in 1983.

The result did not, however, live up to the highest expectations in London financial markets, and Jaguar's share price fell 17p to 313p last night.

The shares, 165p when the former subsidiary of the state-owned BL group was returned to the private sector last August, have traded as high as 363p.

More than half the company's cars are sold in the U.S. and some forecasters predicted that Jaguar's profits would be as high as £120m because of the strength of the dollar.

Mr John Egan, chairman, said yesterday, however, that Jaguar engaged in substantial currency hedging last year and believed it was prudent to continue with this policy.

"Steady and reliable growth is preferable to wide profit fluctuations from one period to another," he said.

What Jaguar needed was "to be fairly certain of 12 months' worth of margins," be said.

Mr Egan insisted that Jaguar would continue to be a very profitable business with far less favourable currency exchange rates and the pound would have to climb back to $1.50 "before we needed to change any of the basics of our business."

Mr Egan reported that capital expenditure in 1984 was more than £38m, would rise to between £40m and £50m this year and to between £50m and £60m in the following 12 months.

The company had been generating more cash than it could use but "we are looking to have a company which always has a very strong balance sheet and is capable of financing all its own capital requirements."

For this reason Jaguar would continue to follow a conservative dividend policy. Shareholders had seen "very good capital appreciation on their shares," Mr Egan pointed out.

See Lex; Details, Page 27

Dollar plunges after lower GNP estimate

Continued from Page 1

rising inflation were both negative influences for the U.S. currency.

Yesterday's dollar slump triggered a surge in the value of sterling against all major currencies. The pound rose to its highest levels since last November as investors moving out of dollars took advantage of the prospect of continuing high UK interest rates.

The U.S. currency, which had been as high as DM 3.29 early in the day, closed in London 4.5 pfg lower than Wednesday at DM 3.2105.

Sterling, which began this week at just over $1.08, gained a further 3.65 cents to end the day at $1.1880. It also registered large gains against other European currencies, rising by 6.75 pfg against tha D-Mark to DM 3.8150.

"I have often seen sterling fall by as much but I cannot remember it rising so fast," the foreign exchange manager of one leading bank commented.

Spain and Portugal talks near to deal

Continued from Page 1

morning. New compromise plans were presented to the EEC ministers in the afternoon and by last night most of the objections had been dropped.

The foreign ministers have had to cancel a series of engagements to stay in the talks, originally scheduled to finish on Wednesday night. One of the few to escape has been Britain's Sir Geoffrey Howe who handed over to his deputy, Mr Malcolm Rifkind, on Tuesday night in order to continue with a planned trip to Eastern Europe.

M Roland Dumas, the French Foreign Minister, yesterday postponed for the third time a planned visit to Helsinki as the crucial issues for France of trade with Spain in fruit and vegetables, and Spanish wine production, remained in dispute.

Herr Hans-Dietrich Genscher, the West German Foreign Minister, renowned for his hectic schedule and fleeting visits around the world, celebrated his 58th birthday during what has proved to be his longest-yet stay in Brussels on EEC business.

EEC agrees standards for car exhausts

Continued from Page 1

fect on the European environment will be equivalent to that produced by U.S. standards, taking into account differing patterns of use for each category (of car)."

This work will be completed by the end of June. The type of test to which cars will be subject, to make certain they meet the new standard for cleaner exhausts, will be settled by 1987.

But the standards will be set in such a way that they can be achieved by different technical means. This will allow the development of the lean burn engine, a key point for Britain, while also allowing the use of the three-way catalytic converter, which West Germany had wanted attached to all new cars throughout the EEC from 1988-89.

Settling criteria for the new exhaust standards opened the way for a second agreement: the terms under which incentives can be offered consumers for the purchase of "clean" cars. They may start on July 1, a vital point for West Germany which had domestic legislation to bring incentives into play from that day.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	18	58	Dubrovnik	C	15	59	Malaga	F	22	72	Salzburg	S	9	48
Akrotiri	S	16	64	Faro	F	18	64	Malta	C	14	57	Seoul	S	13	55
Algiers	C	15	59	Florence	C	13	55	Manila	S	35	95	Singapore	S	32	90
Amsterdam	S	7	45	Frankfurt	S	7	45	Miami	C	23	73	Stockholm	C	0	32
Athens	S	17	63	Funchal	F	19	66	Milan	R	4	39	Strasbourg	S	8	49
Bahrain	C	23	73	Geneva	S	4	39	Moscow	S	5	41	Sydney	F	26	79
Bangkok	S	34	93	Gibraltar	C	17	63	Munich	S	3	37	Taipei	C	17	63
Barcelona	F	12	54	Guernsey	C	8	46	Nairobi	F	27	81	Tangier	C	16	61
Beirut	S	18	64	Helsinki	C	0	32	Naples	R	10	50	Tehran	—	—	—
Belgrade	S	12	54	H. Kong	C	17	63	New Delhi	S	29	84	Tel Aviv	S	20	68
Berlin	F	8	46	Innsbruck	R	9	48	New York	C	17	63	Tenerife	—	—	—
Biarritz	C	9	48	Inverness	F	5	41	Nice	R	7	45	Tokyo	R	9	49
Blackpool	F	5	41	Istanbul	S	8	46	Oporto	C	18	65	Toronto	S	3	37
Bordeaux	F	10	50	Jersey	C	7	45	Oslo	C	1	34	Tunis	F	17	63
Brussels	S	7	45	Jo'burg	F	25	77	Paris	R	3	37	Valencia	F	18	64
Budapest	F	11	52	Las Palmas	C	20	68	Prague	F	6	43	Venice	F	7	45
B. Aires	R	22	72	Lima	S	26	79	Reykjavik	S	4	39	Vienna	C	5	41
Cairo	F	24	75	Lisbon	C	16	61	Rio de J'o	S	30	86	Warsaw	C	6	41
Cape Town	C	22	72	Locarno	R	3	37	Rome	C	15	59	Zurich	C	1	34
Caracas	C	28	82	London	C	5	41								
Casablanca	C	18	64	Los Angeles	S	27	81								
Copenhagen	S	1	34	Luxembourg	S	7	45								
Corfu	S	16	61	Madrid	F	15	59								
Dublin	C	3	37	Majorca	S	17	63								

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

S. African police kill 17 marchers

Continued from Page 1

the police in the Eastern Cape townships last week after rioting by black students, who have been boycotting classes for several months, and a three-day work stoppage in protest at higher prices.

The Eastern Cape, an area of traditional support for the African National Congress and with strong support for black trade unions and community associations affiliated to the anti-apartheid umbrella organisation the United Democratic Front, has been particularly hard-hit by layoffs in the car industry and associated industries.

General Motors, Ford and Volkswagen have plants in the area and all have laid off workers and put the rest on four or three-day working weeks because of the recession.

Ford's assembly plant in the Eastern Cape is due to close next year with the loss of another 2,000 jobs as part of motor industry rationalisation and the merger with Anglo-American Corporation's Amcar motor subsidiary.

Production at Volkswagen was halted by the stoppage and the Goodyear tyre company reported that 75 per cent of its hourly paid workers also stayed away. Other companies and the town council reported 100 per cent support for the protest.

In Sharpeville itself, 50km from Johannesburg, the township was tense yesterday but relatively quiet.

Sebokeng, some 5km from Sharpeville, was the scene of a combined police and army raid in October whose net result has been to make it one of the most violently anti-white townships in the Vaal area. The sharp increase in black unemployment as a result of the recession, and continuing school boycotts by students, has left many black townships in the Vaal, the Eastern Cape and elsewhere full of angry and frustrated people.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday March 22 1985

Alberta Government pledges help for ailing credit unions

BY BERNARD SIMON IN TORONTO

THE Canadian provincial Government of Alberta has taken new measures to help bolster public confidence in a group of financial institutions hit by the severe property recession in western Canada.

Mrs Connie Osterman, the province's Minister of Consumer and Corporate Affairs said the nuthorities will, if necessary, provide direct funding for the Credit Union Stabilisation Corporation, a statutory body set up to guarantee deposits in the province's 132 credit unions. Credit unions are co-operative deposit-taking and loan-making institutions, mostly based in Quebec and western Canada.

The Alberta Government has also agreed to guarantee interest on debentures being issued by the Stabilisation Corporation to provide credit unions with some return on their non-productive property loans.

Credit unions in Alberta have been especially hard hit by the recession, which followed the strong rise in property values during the energy boom of the late 1970s. In the past three years the unions have foreclosed on 1,100 properties in the province, with another 400 in the pipeline.

The accumulated deficit of the Alberta credit unions more than doubled last year to C$198m (U.S.$144.5m), due mainly to property write-downs and the carrying costs of non-productive loans. Some 44 ailing credit unions are presently under the direct supervision of the Stabilisation Corporation.

The unions have not so far suffered a run on deposits like that which prompted a temporary closure of savings banks in the U.S. state of Ohio. The co-operative nature of the institutions, giving members a direct role in decision-making, as well as timely measures to reinforce members' confidence, appear to have contributed to the continuing stability of the credit union system.

The Stabilisation Corporation is currently drawing up plans to assist the recovery of unions under its supervision. The arrangements are likely to include mergers and a realignment of business strategy.

● Canada's banks hnve launched a concerted attack against critics of their dominant position in the Canadian financial services industry. They say they should be allowed to compete more freely with other institutions.

In a report on concentration of power in the country's financial services sector, the Canadian Bankers' Association said yesterday: "Any restructuring that lowers artifical legislative barriers to entry will enhance rather than reduce competition, to the benefit of the consumer."

The banks' offensive coincides with the imminent publication of n report by a high-level task force set up to advise the federal Government of the future roles of the traditional "four pillars" of the Canadian financial system: banks, trust companies, securities firms and insurers.

The group is expected to propose that banks' ability to expand into new areas of business, such as portfolio management and securities underwriting, should be more restricted than other institutions.

Measured by total assets, the five largest banks make up 85 per cent of Canadian bank assets, while banks' share of total financial industry assets is 61 per cent. The banks argue, however, that their international business should be excluded, bringing their share of assets down to 48 per cent.

The banks are especially concerned at the rapid growth of family-controlled financial services conglomerates, such as Trilon Financial and the Montreal-based Power Corporation, which have diversified into several quasi-banking businesses such as corporate underwriting and life insurance.

NEW STEP TOWARDS INTERNATIONAL MULTI-MEDIA ORGANISATION

Murdoch empire's big-screen debut

BY WILLIAM HALL IN NEW YORK

"MURDOCH's Fox hunt lands deal of the 20th century" screemed the headline of Rupert Murdoch's New York Post yesterday as it informed its readers that the Australian publishing magnate was following In the footsteps of Darryl Zanuck, the legendary movie mngul who presided over 20th Century Fox during Hollywood's golden era.

Mr Murdoch's $250m purchase of 50 per cent of 20th Century Fox, one of America's best-known movie studios, comes less than six months after he spent $350m on buying a dozen U.S. magazines from Ziff-Davis, and goes n long way towards completing his objective of building what he likes to describe as an "international multi-media nrganisation."

With annual turnover of well over $2bn, Mr Murdoch's News Corporation has now added movie-making to a sprawling, worldwide newspaper, magazine and TV empire. In terms of revenues, News Corporation is more than twice as large as Dow Jones, for example, and fast catching up with U.S. media giants like Time, which bad annual revenues of just over $3bn last year.

The latest acquisitinn gives Mr Murdoch access to a production studio which over the years has launched such movie classics as Cleopatra, Sound of Music and Star Wars, and a film library which analysts say may be worth over $1bn and is n valuable source of material to feed the endless appetite of his TV statinns.

Mr Murdoch's coup not only fits in with his desire to become more heavily involved in the entertainment world, it has grabbed the attention of Wall Street investors and Hollywood gossip columnists alike. Like any good Hollywood drama, it has begun by raising some interesting questinns:

● How will the 54 year-old Mr Murdoch get along with the 58 year-old Mr Marvin Davis, the Denver nil man who sold him n half share in the business, and who has apparently taken full advantage of the social perks which come from being a movie mogul. Both tycoons like to be involved in day to day management. Fnx has been in a state nf almost constant management upheaval over the last decade. Will this stop now there are two bosses as opposed to one?

● After n string of box office disappointments, Mr Barry Diller, one of the most respected names in the business, was hired away from rival Paramount Pictures to revive Fox's sagging movie-making fortunes last September. At Paramnunt he was earning $2.5m a year but was lured away with an apparent promise nf a slice of the action at 20th Century Fox. Mr Diller says he is "delighted" to welcome Mr Murdoch aboard, but already Hollywood's rumour mills are suggesting otherwise.

● Why has Mr Davis, who is reputed to be worth more than $1bn, decided to hand over half his business to Mr Murdoch, only six months after he took full control by buying out his partner, Marc Rich, the Swiss based commodities trader, for n reported $116m?

Mr Davis and Mr Rich bought 20th Century Fox in 1981 for $725m, the vast majority of which was borrowed from the banks. The film company has been losing money for several years and in the year to last August lost $90m on revenues of $754m, but Mr Davis has managed to pay off a large part of his borrowings by selling Fox's assets and withdrawing large sums from the business.

The net effect has been that 20th Century Fox, which is wholly owned by TCF Holdings, has seen its net worth shrink from $377m to just over $50m, while its borrowings have mushroomed since Mr Davis took his stake.

Of the $250m which Mr Murdoch is iovesting in the group, only n third will go directly into the movie studio. The rest will go into TCF Holdings where it will be used to fully retire TCF Holdings bank debt and to reduce shareholder debt. Altogether, News Corporation is paying $162m for its 50 per cent stake in TCF Holdings and is advancing another $88m to the parent company.

Although Mr Davis may have done very well out of his involvement in 20th Century Fox, he has left the film company very short of funds to finance Mr Diller's ambitinus production programme, which is designed to restore the group to its former glory.

PRINCIPAL U.S. MOTION PICTURE STUDIOS

Studio	Owned by	Box-office takings in second half of 1984 $m	Percentage of U.S. box-office takings
Warner Brothers	Warner Communications	441.0	21.1
Paramount	Gulf & Western	417.5	19.9
Columbia Pictures	Coca Cola	392.5	18.7
Twentieth Century Fox	Marvin Davis, Rupert Murdoch	183.0	8.8
Universal	MCA	176.0	8.4
MGM/United Artists	MGM/UA Entertainment (Kirk Kerkorian, 50.1%)	160.0	7.8
Tri-Star	CBS, Home Box Office & Columbia Pictures	153.0	7.3
Orion Pictures	Orion Pictures Corp	118.0	5.6
Walt Disney Productions	Walt Disney Productions	53.0	2.5

Research associate Rivka Nachoma

Singapore airline to float shares

By Gordon Cramb in London

SINGAPORE International Airlines (SIA), flag carrier for the island state, plans to float a minority of its shares nn the local stock market by next year. The small size nf the intended issue is likely to disappoint investors there, however.

SIA said yesterday it had in mind an initial issue nf 50m shares, representing about 10 per cent of its current S$500m (US$222.8m) capital. The price under consideration is in the region of S$5 a share, at which level it would raise S$250m.

The airline emphasised, however, that the final amount and pricing were still being discussed with Development Bank of Singapore, which is advising SIA. The plans should be completed by midyear, it added.

SIA is controlled by the Singapore Government, which is the sole shareholder apart from the airline's staff, who together have a 20 per cent stake. Mr Tommy Kingston, its general manager for the UK and Ireland, said yesterday that was shortly to rise to 24 per cent, and the employees had been told they would be offered no more shares before privatisation.

Singapore stockbrokers had expected that at least n similar percentage would be offered to the public. The flotation is none the less being viewed eagerly by a stock market which for the last few years has been starved of new issues, particularly from companies with as strong a profits record as SIA.

The airline group, which also includes insurance and tour operations, boosted net profits by 36 per cent in the year to March 1984 to reach S$140.2m on turnover of S$2.9bn.

The share sale forms part of a wide-ranging government programme, under which the state intends to divest itself of much of its holdings in Singapore industry and finance.

Ohio's private savings banks begin to reopen

BY PAUL TAYLOR IN NEW YORK

ONE OF the 70 privately insured Ohio savings banks that bnve been closed since last Friday by order of the state's governor yesterday reopened its doors after receiving approval from Ohio's banking regulators.

Century Savings Bank, a Cincinnati-based thrift, was allowed to reopen under the terms of legislation passed this week aimed nt partially resolving the state's savings bank crisis. The new state legislation provides for the reopening of the local savings banks providing they have sought – and are eligible for – federal deposit insurance.

Century Savings, which applied for federal savings and loan insurance on Wednesday and expects approval within three or four weeks, received approval to reopen immediately late on Wednesday because its deposits have been guaranteed by its parent, State Savings Bank of Columbus, which is already insured through the Federal Savings and Loan Insurance Corporation.

State banking officials, struggling to resolve the savings bank crisis, which has had widespread repercussions in the foreign exchange markets, hope the reopeoing of Century Savings signals progress in overcoming the difficulties of the privately insured thrifts, which were closed after a run on their deposits prompted by the failure of Home State Savings, the largest non-federally insured savings bank, almost two weeks ago.

Ohio's Superintendent of Savings and Loans, who has reponsibility for approving requests for reopenings, received at least 10 such applications on Wednesday. State and federal officials believe more thrifts might be allowed to reopen in the next few days, although most privately admit that perhaps as many as half will not survive as independent units.

Separately, local savings bank executives and bank regulators were yesterday working on the details of bow to allow depositors partial withdrawal from their closed accounts to meet emergency expenses.

Sharp gain for Norwegian ship group

By Fay Gjester in Oslo

NORWAY'S Heegh shipping group achieved sharply improved operating income nf NKr 705m ($75m) against NKr 510m last year, despite the sale of its cruise vessel interests at the end of 1983. Final results of the four companies in the group were, however, hit by unrealised currency losses on dollar debt.

To maintain the necessary liquidity over the next few years the four have concluded a debt refinancing agreement with Bank of America, Citibank and Morgan Guaranty.

Bell breakthrough for ITT switching system

BY OUR NEW YORK STAFF

ITT, the U.S.-based multinational conglomerate, has taken an important step into the potentially huge U.S. telecommunications markets for large advanced digital switchgear. It has won its first order for its System 1240 digital telephone switching equipment from a U.S. Bell system telephone company.

The nrder, for n pair of System 12 signal transfer point switches, comes from Southern Bell. Such advanced digital switches lie at the heart of modern telephone services.

ITT has been highly successful in marketing System 12 overseas, where it has the system operating, or ordered, in 21 countries. It has also won contracts from independent telephone groups in the U.S.

Orders from the Bell operating companies, however, are seen as crucial for the company if it is to win n big share of the booming but fiercely competitive U.S. market – currently dominated by AT&T – and justify its $1bn-plus investment in System 12.

● Moody's, the U.S. credit rating agency, said it was reviewing ITT's long-term debt ratings for possible downgrading.

Swedish groups recover

BY DAVID BROWN IN STOCKHOLM

TWO former crisis-affected industries now owned by the Swedish state reported sharp improvements in 1984 earnings and have declared their troubles over. They are SSAB, the steel group, and LKAB, the iron-ore mining company.

Riding on the wave of higher sales volume, SSAB reported pre-tax profits up by 88 per cent to SKr 565m ($60.7m), exceeding earlier expectations. Sales climbed 15 per cent to SKr 11.96bn.

SSAB said its relatively high profitability stemmed from extensive restructuring, low raw-material and labour costs and modern facilities. However, it is currently fighting a pitched battle with U.S. Steel, which alleges that it has received government subsidies. Half the group's sales are generated in America.

The Swedish Government holds a 75 per cent stake in the group and has provided loans and capital injections.

LKAB, meanwhile, reported operating results nearly double from SKr 281m to SKr 539m on sales 26 per cent higher to SKr 3.34bn.

The group, based above the Arctic Circle in Kirunahas, benefited from n new ore hauling contract with the national railways, and several important long-term contracts for pelletised ore, including some from West German buyers. Production rose from 11.2m tonnes to 15.4m tonnes, while deliveries climbed 25 per cent to 18.4m tonnes.

INTL. COMPANIES & FINANCE

INI seeks funds via share placings

By David White in Madrid

INI, the sprawling and loss-ridden Spanish state holding group, has hatched a new scheme for selling industrial participations by placing packets of shares in some of its more profitable companies on the stock market.

This plan is aimed at providing an alternative source of funds in order to reduce group debt, while maintaining majority state control in the companies concerned.

INI managed to trim its losses last year to Pta 183.7bn ($1bn) from Pta 204bn. It would have shown profits of Pta 49.5bn, but for financial charges.

It is thought that the first share sales are likely to focus on electrical utilities, such as Endesa.

This is the first move of its kind by the Spanish state concern and coincides with a series of negotiations for the sale of four important industrial subsidiaries.

The Spanish Government this week approved the sale of INI's majority stake in Secoinsa, the computer company, in with which Fujitsu of Japan is associated, to Compania Telefonica Nacional de Espana, the mixed state-private telephone monopoly.

Other deals due to be settled in the next few months involve the planned sale of Seat, the car producer, to Volkswagen; the sale of Enasa, the truck manufacturer, on which talks have been held with General Motors and Toyota; and the sale of SKF Espanola, the ball-bearing company, to SKF of Sweden.

Porsche may build aero-engine

BY OUR FRANKFURT STAFF

PORSCHE, the West German sports car maker, believes that production of engines for light aircraft may develop into a profitable business alongside motor vehicles and commercial research.

In the last few years the company has developed an aircraft engine based on the 3.2 litre engine used in its 911-model sports car. In-flight tests have been made. Herr Peter Schutz, chief executive, told shareholders yesterday that U.S. and European aircraft manufacturers had expressed interest.

He stressed that the project was still in the development phase and that proposals for commercial operation would not be considered by the management board until later this year.

Herr Schutz said business was continuing to grow strongly, with sales up 7.4 per cent to DM 1.37bn ($420m) in the first half of this year. This comes on top of a 17 per cent rise in sales to DM 2.49bn in the year ended July, 1984.

About 800 people turned up at Porsche's first public shareholders' meeting. The company was launched on the West German stock exchange last year with an issue of non-voting preference shares.

Herr Heinz Branitzki, the finance chief, said that finances were strong and the company saw no need at present for a capital increase. With major investment projects underway, it intended to strengthen its reserves from profits but would also consider how any additional earnings could be distributed.

Although the U.S. is Porsche's biggest single market, Herr Schutz said the company could earn a respectable profit even if the dollar fell below DM 2.50.

Esselte plans $13.5m rights issue

BY DAVID BROWN IN STOCKHOLM

ESSELTE, the Swedish office supply, graphics and packaging group, reports a 26 per cent rise in 1984 results after financial costs to SKr 638m ($68.6m).

The group has requested government permission to raise its dividend by SKr 1 to SKr 12 and also plans rights issue to raise $13.5m.

The rights offer will entitle Swedish shareholders to buy for $13.5 one depository receipt in the U.S. division, Esselte Business Systems, for eight Esselte shares held. EBS, which was floated recently on to the New York stock market, is currently traded at about $18 per share.

The rights issue corresponds to 5 per cent of EBS equity, and will bring Esselte's holding in the subsidiary down to 79 per cent.

Esselte said adjusted sales rose 15 per cent to SKr 8.71bn. Costs rose at a slower pace, and the operating result after depreciation was up 20 per cent to SKr 848m. Net financial charges rose 5 per cent to SKr 210m.

Esselte expects a slower rate of growth this year. It predicts a 15 per cent rise in turnover to about SKr 10bn.

North American Quarterly Results

ALLIED STORES
Department stores

Fourth quarter	1984-85 $	1983-84 $
Revenue	1.3bn	1.2bn
Net profits	91.6m*	80.1m
Net per share	4.37*	3.82
Year		
Revenue	4bn	3.7bn
Net profits	140.7m*	128.5m
Net per share	6.71*	6.15

* includes 29 cents a share gain from property sale

AMERICAN STORES*
Retailing

Fourth quarter	1984-85 $	1983-84 $
Revenue	3.98bn	2.16bn
Net profits	80.6m	45.8m
Net per share	2.76	1.46
Year		
Revenue	12.12bn	7.98bn
Net profits	185.5m	117.9m
Net per share	6.71	3.61

* 84-85 results reflect acquisition of Jewels companies

ASSOCIATED DRY GOODS
Retailing

Fourth quarter	1984-85 $	1983-84 $
Revenue	1.41bn	1.29bn
Net profits	81.3m	80.4m
Net per share	4.09	4.09
Year		
Revenue	4.12bn	3.72bn
Net profits	120.7m	115.5m
Net per share	6.07	5.95

FEDERAL EXPRESS
Package delivery

Third quarter	1984-85 $	1983-84 $
Revenue	513.7m	375.1m
Net profits	15.8m	28.1m
Net per share	0.33	0.60
Nine months		
Revenue	1.44bn	1.02bn
Net profits	34.2m	86.7m
Net per share	0.72	1.91

FEDERATED DEPT. STORES
Retailing

Fourth quarter	1984-85 $	1983-84 $
Revenue	3.3bn	2.9bn
Net profits	201.5m	172.7m
Net per share	4.14	3.55
Year		
Revenue	9.7bn	[illegible]
Net profits	329.3m	338.3m
Net per share	6.77	6.98

GT. ATLANTIC & PACIFIC TEA
Retailing

Fourth quarter	1984-85 $	1983-84 $
Revenue	1.41bn	1.31bn
Op. net profits	12.1m	8.6m
Op. net per share	0.32	0.23
Year		
Revenue	5.87bn	5.22bn
Op. net profits	50.9m	31.4m
Op. net per share	1.36	0.84

Siemens lifts turnover 39%

By Our Financial Staff

SIEMENS, THE West German electrical group, increased world group turnover by 39 per cent to DM 22.4bn ($6.9bn) in the first five months of the year to September 1985, said Herr Kalheinz Kaske, chairman, at the annual meeting. This growth rate was mainly due to receipts by the KWU subsidiary which builds power stations. Excluding these, sales rose 9 per cent in the five months.

Incoming orders were 21 per cent higher at DM 24.4bn, including KWU contributions. The remaining group showed incoming order growth of 17 per cent during the period.

Herr Kaske gave no estimates for profits in the current year, but said the earnings to sales ratio of 2.4 per cent achieved in the first quarter signalled a continuing trend of improved profits.

Credit-Suisse acquisition

By Our Financial Staff

CREDIT SUISSE, the big Swiss bank, is to acquire Effectenbank-Warburg of West Germany. Subject to approval by the cartel authorities, the deal is expected to be completed by the end of May.

Talks between Credit Suisse and the German bank, which is half owned by S. G. Warburg, the UK merchant bank, were announced earlier this month. Effectenbank-Warburg has assets of around DM 1.6bn ($491m) and employs some 300 people.

Leading French groups report mixed results

BY PAUL BETTS IN PARIS

TWO OF France's leading blue-chip companies—Lafarge-Coppee, the cement manufacturer, and L'Air Liquide, the industrial gases group—yesterday reported higher profits for 1984. But another blue chip, the Pernod-Ricard drinks group, said that after four years of strong growth it was expecting to report lower earnings for last year.

Lafarge-Coppee saw its parent company earnings more than double last year to FFr 236.5m ($24.6m) from FFr 109m the year before because of favourable accounting changes. Group earnings are expected to total FFr 470m in 1984 compared with FFr 255m the year before. The company is also increasing its dividend by 15 per cent.

L'Air Liquide has reported a 28 per cent increase in group earnings last year to FFr 585m compared with FFr 479m in 1983. The company is maintaining an unchanged dividend of FFr 13 a share, but on a larger capital following a scrip issue of one for eight.

Pernod-Ricard, the leading French drinks group, said it expects to report a 7 per cent decline in group operating income last year because of lower growth in the non-alcoholic drinks business.

Pernod-Ricard said consolidated operating earnings would total about FFr 820m in 1984 according to preliminary estimates compared with profits of FFr 880m the year before. The company's soft drink business suffered because of the poor weather condtions last summer.

Pernod-Ricard also said the lower earnings reflected the company's substantial marketing and advertising expenses

● Certainteed Corp, the Pennsylvania - based construction materials group, is seeking to diversify its activities in the U.S. and is prospecting for a suitable company to absorb, according to Mr Michel Besson, chief executive.

Certainteed, which is 57 per cent owned by the French state-owned industrial group Saint-Gobain, is prepared to invest up to $200m in acquiring a new unit to reinforce its earnings growth.

INTL. COMPANIES & FINANCE

Australian resource stocks cheered by currency slide

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIA is not yet reliving the good old bad old days of mining booms of the past, when almost any old square mile of the Outback could be talked up into a wonder stock.

But things are ticking nicely, all the same, with the stock markets reaching record highs this week, thanks partly to gold, though also to broadly-based support for Australian resource stocks generally—particularly in oil and gas.

On Wednesday, the Australian All Ordinaries Index breached the 800 barrier for the first time, closing 8.8 points higher at 802.8, against a 1985 low of 715.3 on January 7.

Strong resistance to profit-taking was in evidence yesterday, and the index dipped only half a point to 802.3. Gold stocks fell back a bit, with the Gold Index losing 11.5 of the previous day's frantic 53.8 gain, to close at 686.4. But the Oil and Gas Index continued 14.1 higher to 571.0, at which level it has risen by almost 10 per cent in 10 days.

Wednesday's reaction to the improved bullion price cast a flattering light on most of the important gold producers, such as Gold Mines of Kalgoorlie, Central Norseman Gold, Kidson, and Poseidon.

Although resource shares generally are not trading at anywhere near peak levels, there has been plenty of cheer this week for blue-chip miners like CRA and Western Mining Corporation, as well as for Broken Hill Proprietary, Australia's largest company whose third-quarter profits are due today.

With the Australian dollar at 70 U.S. cents (down from nearly 83 cents et the start of the year) and gold at U.S.$340 an ounce, the Australian price for gold stands at a healthy A$486.

It is this year's fall in the Australian dollar that is spreading such a warm glow through the resources sector generally—above all, in oil and gas.

Apart from the steep trajectory of its U.S. counterpart, the Australian dollar has been affected—in varying degrees—by the shaky political performance since Christmas of Mr Bob Hawke's Government, and by some concern over the economy.

This has been exacerbated by a spate of industrial disputes, at least one of which, involving civil servants, was portrayed as a direct challenge to Mr Hawke's pay and prices pact with the unions. The accord, though, is still intact, and delivering the goods, after more than two years of Labor rule.

However, the depreciation of the Australian dollar spells excellent news for most of the country's resource companies, whose goods are denominated in U.S. dollars. The same does not hold good for those with large U.S. dollar borrowings.

Indeed, stockbrokers Mears and Philips, whose energy research team is Australia's most prominent, says that if the Australian dollar lodges at around its current level groups like BHP, Queensland Coal Trust, and Mr Robert Holmes à Court's Bell Resources, will experience 1985-86 earnings gains approaching 50 per cent.

In contrast, because of their borrowings, the greatest adverse effect may well be felt by CSR and Santos, both of which could face unrealised foreign exchange losses in excess of current annual earnings.

Another major group of companies that could benefit substantially is the Cooper Basin oil producers.

Until this week, local stock markets valuations of resource issues were still largely on price earnings ratios based on profit estimates prior to the decline in the Australian dollar. For example, at A$5.40, BHP was selling at 6.5 times estimated 1985-86 earnings of 82 cents a share.

Yet if the Australian dollar remains at 70 U.S. cents, BHP could well earn A$1.18 a share, putting its recent market price at a mere 4.5 times prospective earnings.

How the rest of the year pans out remains to be seen. But at present Australian share markets are enjoying the sort of resources boom that may not be in the classic mould but is none the less welcome.

AUSTRALIA's spate of good industrial profits continued yesterday, writes Michael Thompson-Noel in Sydney.

Australian National Industries (ANI), a diversified group with interests in locomotive building, electrical contracting, and metals distribution, saw a 17 per cent rise in net profit for the seven months to January 1, to A$21.1m (U.S.$14.8m).

A one-for-five scrip issue is proposed. Interest charges were only slightly higher, at A$9.4m, against A$8.1m previously.

Monier, whose main interests are construction and building products, saw a 40 per cent increase in half-year net profit, to A$14.8m.

Earnings per share, on increased capital, rose from 9.7 cents to 12.3 cents. The Group's U.S. operations stand to gain handsomely from the recent stiff depreciation of the Australian dollar.

Mutual and Federal has first-half underwriting loss

BY JIM JONES IN JOHANNESBURG

MUTUAL AN FEDERAL, one of South Africa's leading short-term insurers, slumped into a pre-tax loss in the last six months of 1984 and is considering shedding business rather than continuing to cover unprofitable areas.

Though net underwriting income increased to R120.7m ($63.5m) from R96.3m in the corresponding period of 1983, the company incurred an underwriting deficit of R16.4m against a corresponding surplus of R105,000.

As a result a first-half pre-tax loss of R6m was incurred against a corresponding profit of R9.8m. In the year to last June, net premium income totalled R203.2m, an underwriting surplus of R2.2m was earned and the pre-tax profit was R22.5m.

The directors blame the underwriting loss on a substatmial rise in the cost of effecting re-insurance cover, as well as persistently inadequate commercial and industrial premiums, a greater frequency and size of claims, with abnormally large fire and storm claims.

Mutual and Federal is not alone in this respect and its views on the persistence of inadequate premium rates are echoed by other short-term insurers.

A reversal of tax provisions resulted in positive first-half earnings of 6.9 cents a share against 158.7 cents in the previous period. The interim dividend is unchanged at 31 cents. Earnings totalled 373.9 cents in the last full year and a total dividend of 105 cents was declared.

Mutual and Federal is a 79 per cent-owned subsidiary of Old Mutual, South Africa's largest insurance group.

● FRENCH BANK, The South African subsidiary of Banque Indosuez, increased its disclosed profit to R2.93m last year from R2.1m in 1983. The bank does not fully disclose its operating results and the profit figures are stated after provisions and tranfers to inner reserves.

Mr Ted Pavitt, the deputy chairman, said the satisfactory performance was due in no small measure to concerted efforts to expand activities in the financing of international trade.

Earnings increased to 28.15 cents a share from 20.23 cents. The directors took into account South Africa's uncertain economic prospects in deciding to increase the dividend only to 10 cents a share from 9 cents.

Bank Leumi bounces back into the black

By David Lennon in Tel Aviv

BANK LEUMI, Israel's largest banking group, registered consolidated net profits of US$35.2m in 1984, compared with a $71.9m loss the previous year.

Leumi is the first of the country's big banks to release its figures for the year. They indicate that after the heavy losses of 1983, Israeli commercial banks have managed a substantial recovery and a return to moderate profits.

This is welcome news for a system currently under examination by a public committee inquiring into the role of the banks in the October 1983 crash of bank shares on the Tel Aviv stock exchanges.

Mr Ernest Japhet, the chairman, expressed his pleasure at the turn around, but stressed that the bank was still far short of the results it would like. Consolidated assets totalled $20.6bn at the year-end, a 4 per cent decline from the end of 1983.

A major contributor was the restructuring programme which included a 14 per cent staff cut, salary freezes and the closure of 28 branches and 12 service desks.

Leumi's overseas operations, through a network of 72 branches and offices, made a substantial contribution to the profits, according to Mr Japhet.

British Telecom on course for £1.48bn

BY JASON CRISP

British Telecom hinted yesterday that it is likely to make pre-tax profits of around £1.48bn in the full financial year ending this montb wbich is significantly above the £1.35bn predicted in the prospectus last autumn.

BT announced pre-tax profits of £386m for tho third quarter ending December 31, up £131m on the same quarter for the previous year. Profits for the nine-month period were £1.07bn, a rise of £353m. Turnover for the quarter rose £211m to £1.94bn.

The shares at last night's close were unchanged at 134p.

Tha increase in profits compared with the previouo year has improved in each quarter and Sir George Jefferson, the chairman, said yesterday: "Business has continued to he satisfactory during tho fourth quarter and the profit for the quarter should continue the fovourable trend of the first nine months' results."

The 51 per cent increase in the profits for the third quarter is partly due to o number of special factors which were outlined in the prospectus.

These are the ending of a special provision for depreciation, reduced interest charges as a result of its capital reconstruction and lower pension contributions.

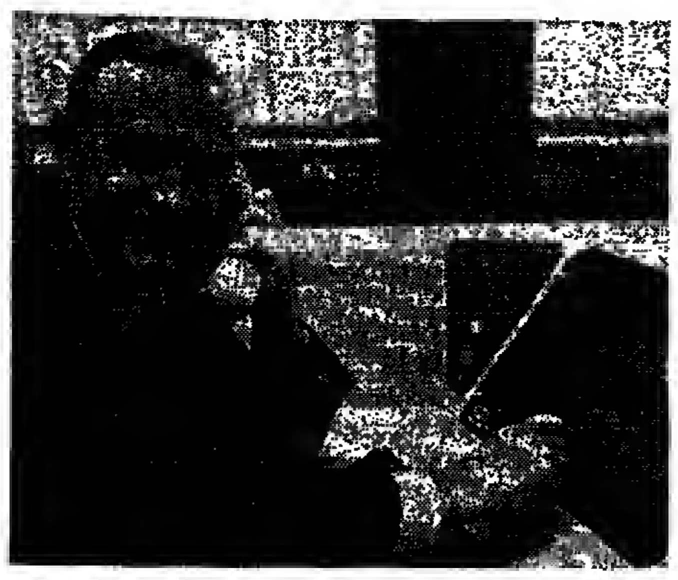
On a comparable basis, profit for the quarter was £53m higher (21 per cent) than the same period in the previous year and the figure for the nine months was £176m higher (25 per cent).

BT'o profits in the quarter would have been even bettor but for e sharp rise in operating costs which were 9.9 per cent above the corresponding period.

Foctors behind the rise include a 4.6 per cent rise in staff costs; higher provisions for had debts; adverse exchange rate movements on payments to overseas telecommunications authorities which are largely offset by gaino in receipts; privatisation expenses (less than £8m); and increased advertising in a more competitive environment.

Mr Doug Perryman, finance director, said the increase in operating costs was a freak for for the third quarter and he did not expect it to be repeated in the last three months of the year.

Another disappointing note in the third quarter was smaller than expected growth in international telephone calls which is BT's most profitable major business. Growth slipped to 9 per cent in volume terms compared with 11.6 per cent for the nine month period. BT said there were signs that International calls were improving in the final quarter.



Sir George Jefferson, chairman . . . the profit for the final quarter should continue the upward trend

The number of business exchange line connections has risen 4.2 per cent in the last 12 months and residential connections by 3.4 per cent. Capital expenditure for the nine-month period was £1.27bn and the company confirmed it expected to spend the £1.8bn in the full yaar which was predicted in the prospectus.

Spending on System X, the new generation of digital telephone exchanges, made hy Plessey and GEC, was £18m in the third quarter bringiog the total for the nine months to £45m.

BT expects to spend another £20m on System X ln the final quarter. Tho fourth trunk System X exchango to be installed was inaugurated in Birmingham yesterday. Spending on System X is expected to rise to about £300m in the next financial year as e substantial number of local and trunk exchanges are installed.

Mr Perryman said there would be an increase in capital expenditure of about £100m in real terms in the coming financial year.

Cash flow from operations in the nine months was £1.75m. Net borrowiogs were £2.83bn at December 31, o fall of £380m since the beginning of the year. At that time the deht equity retio was 48 per cent compared with 61 per ceot at the beginning of the year on a pro-formo basis.

Mr Perryman said that most of the U.S. investors who houghi shares in the company ot the time of flotation had now sold them. But Japanese investors were net buyers, he said. He also said there were no signs that there had heen a mass exodus of small shareholders in the UK.

See Lex

Chrysalis and MAM discuss a merger

By Martin Dickson

MERGER talks are under way between two of the best known names in the pop business—the Chrysalis Group, one of Britain's most successful independent record companies, and Management Agency and Music (MAM), which grew to prominence from tho management of singers Tom Jones, Engolbert Humperdinck and Gilhert O'Sullivan.

Privately-owned Chrysalis is mnch the larger of the two and any deal that emerged would almost certainly amount to a reverse takeover, with Chrysalis gaining a market listing and MAM an injection of financial muscle.

Major involvement

Chrysalis—artists include top pop gronps Ultravox, Spandan Ballet and Jethro Tull—said it was envisaged that its management team would have the "major involvement" in the running of a combined group.

News of the talks emerged yesterday morning when MAM requested a suspension of dealings ln its shares following an 8p rise in the price to 160p on Wednesday amid bid speculation. At yesterday's suspension price of 162p, the company's market capitalisation is £13.5m.

Chrysalis was founded in the late 1960s hy Mr Chris Wright and Mr Terry Ellis, who met as students while booking pop groups for university concerts. Since then it has grown inte a company with a £60m a year turnover and interests in recording studios, record production, publishing and the general leisure field. Mr Ellis has recently left the company, leaving Mr Wright as sole chairman.

Diversified

MAM, which made pre-tax profits of £1.8m in the year to last July on turnover of £30.5m, has diversified outside the pop business and now gets some 75 per cent of its earnings from operating juke boxes and amusement machines.

—It is still involved in the promotion of singers such as Tom Jones and Srlley Bassey, but it no longer manages pop singers.

—It management of Gilbert O'Sullivan led to a prolonged legal dispute with the singer over copyright. The Court of Appeal ruled last year in Mr O'Sullivan's favour but the precise sum to be paid to him has yet to be settled. MAM estimates that it will be substantially less than £3m.

MAM, founded and still headed by Mr Gordon Mills, has also diversified into the hotel, marina and video businesses to counter declining earnings from pop management.

Some 10 per cent of the company's equity is held by Queens Moat Houses, the provincial hotel chain. It said last night that it would not be interested in bidding for MAM, though it might look at the company's hotels if these were to be divested.

Other major shareholders in in MAM include Mr Mills and Tom Jones, each with around 10 per cent of the equity.

Britoil's earnings and payout well up on City forecasts

BY DOMINIC LAWSON

Britoil, the UK's largest independent oil company, yesterday announced record pre-tax profits of £688.1m, up 17 per cent on 1983.

However, after a tax bill of £518.7m, Britoil's realised net profits were £169.4m. But this was still 18 per cent more than 1983's £143.3m.

Both earnings, and a 15 per cent increase in the dividend to 11.5p net per share, were better than the City had dared to hope, and the shares jumped 8p to 225p before closing at 222p.

Britoil's turnover was boosted by 24 per cent to £1.55bn, largely due to sterling's fall against the dollar, the currency in which crude oil is traded. The year's average sterling North Sea crude oil price rose by about 12 per cent.

Britoil, however, had engaged in an operation to hedge against a fall in the dollar last year, which turned out to be counter-productive.

Mr Boh Speirs, finance director said that if the exchange rate hod remained static, post tax profits would have been £40m higher.

Britoil produced oil at a rate of 168,000 harrels a day in 1984 beating the previous year's record of 154,000. Mr Malcolm Ford, joint managing director, said the company'o production was about 7 per cent higher than expected, chiefly because the North Sea Hutton field came on stream several months earlier than thought likely. Also the decline in production from the Ninian oil field was less steep than predicted.

Mr Ford said thot next year Britoil as a whole was likely to produce et about the same rate as in 1984. He added that Britoil had maintained its position as the most active driller in UK waters, being involved in 48 wells last year. Five oil and six gas discoveries are undor consideration for development.

Britoil's capital expenditure in 1984 was £512.8m, of which £353m related to the UK Continental Shelf. Mr Speirs said that ln 1985 Britoil would double its expenditure on exploration overseas. But he would not predict capital expenditure as a whole, because that would prejudge the company'o success in making acquisitions.

Britoil last year was active in building up its U.S. position, in particular through an $83m deal to buy 50 per cent of the exploration and production assets of Amax Petroleum.

On Wednesday, Britoil announced a $73.5m acquisition of mostly gas producing assets from Freeport-McMoran Inc. It

Mr David Walker, Britoil's first chief executive

is likely that further U.S. acquisitions will be made this year, perhaps capitalising on the fal-out after the series of mega-mergers in the U.S. oil industry over the past year.

All of Britoil's expenditures were generated through cash flow, as has been the case since privatisation in 1982. It has no net borrowings and Sir Philip Shelbourne, the chairman, said that Britoil saw no need for o rights issue in the forseeable future.

Despite its financial strength and exploration anccesses, Britoil's share price has been a dull performer over the past year.

Sir Philip said the main reason for this was the uncertainty surrounding the Government's intentions about its remaining 49 per cent share the Government would dispose stake. He did not know how or when the Government would dispose of its stake, but said that "after Telecom anything is possible."

Britoil transferred £111.8m to reserves after paying out £57.6m in dividends. Earnings per share rose from 28.66p to 33.82p.

Buried in Britoil's figures is a payment of £7m received from British Shipbuilders, in compensation for o likely two-year delay in the building by Scott Lithgow of a deep-water exploration rig. Last year Scott Lithgow was acquired by Trafalgar House, but since then the project has slipped a further four months from the revised completion date of May 1986.

See Lex

Rentokil up 20% and more to come

Rentokil Group notched np a 20 per cent profits increase to £24.75m pre-tax in 1984 and the directors expect further healthy growth in the current year.

Increases were achieved both at home and overseas which contributed £15.44m (£13.72m) and £9.31m (£6.84m) respectively.

The dividend total is being raised from 1.85p to 2.125p with the directors recommending a higher final distribution of 1.35p against 1.175p.

● comment

Rentokil has come a long way since its early rat-killor days. Now a diversified pest control company with interests in timber preservation, damp-proofing, insulation and industrial hygiene, it has o growth record to metch a high-quality earnings multiple of 23 at 170p on these results, which were exactly in line with expectations. With the exception of South Africa and UK property care, the latter hit by the imposition of VAT on house improvements and local authority cutbacks, all geographic product areas made progress, with currency gains chipping in a useful £0.84m. UK activities, particularly on the pest control side, are now relatively mature, so the company has been beavering away overseas in order to maintain the quality of earnings—with notable success in areas such as West Germany, the Netherlands, Asio and Australasia. Overseas, only the Caribbean and U.S. interests turned in lack-lustre results. The optimistic tone of the company suggests thot the current level of growth can comfortably maintain this, which suggests an outturn of up to £30m for a prospective p/e of 19 on a similar tax charge.

Trinity Intl. held back by UK newspapers

DESPITE A sharp downturn by its UK newspaper activities Trinity International Holdings, formerly known as the Liverpool Daily Post & Echo, pushed 1984 pre-tax profits up by £1.34m to £6.55m.

Pre-interest profits from the UK newspapers fell from £1.52m to £1.03m. However, the paper-making and packaging sector in the UK pushed its contribution to profits up by some 53 per cent and the North American publishing operations posted sterling profits well ahead of those of earlier years.

A final dividend of 8p lifts the net total by 1.4p to 12.2p.

The directors say the overall result was a "fine achievement" against a background which saw some easing of earlier restraints, such as the international price pressures on UK-produced paper, but no significant improvement in local economies where group companies operate, and a sustained intensity of competition in all markets.

Looking ahead they say that despite the progress in late 1984 toward realignment of the Wirral weeklies in their markets and relocation of their production, here as in the south Chicago area where a similar task is in hand, the continuing cost in the first half of 1985 will still be heavy.

Major capital development at Stoke, in particular, is imposing costly restraints on production. The directors add that with only limited support from the local economic climates in the group's main geographic areas of operation and continuing fierce competition everywhere, indications are that the outturn for the first half-year may well not reach the high level achieved last year.

However, the continued and substantial investment programme and aggressive management action gives them cause to look to a second half-year of increased profits with more significant growth occurring in the event of any local economic upturn.

As to the Chancellor's extension of VAT to newspaper and magazine advertising, they say the effect is "difficult to quantify but is not beneficial either to us or the small advertiser."

During 1984 the daily and weekly newspapers oo Merseyside failed to match the profit performance of the rest of the group. Nonetheless singular success was achieved in lifting the circulation of the eveniog newspaper, the Liverpool Echo, and advertising volumes carried in its pages were also increased over 1983 levels, as were those of the Daily Post.

However, gains from those sources were heavily outweighed by start-up costs of o free weekly newspaper, the Liverpool Star, and the cost of realigning the Wirral newspapers with their markets in the second half of the year. The divisional profit reduction was 33 per cent.

Group turnover for the year totalled £76.33m (£67.59m).

● comment

Paper and packaging in the UK and publishing in North America were the main contributors to Trinity International's profit. Packaging profits in the UK were up hy 50 per cent, and a high-flying subsidiary was the packaging plant at Sandy, Bedfordshire which turned in a substantial profit after four years of loss-making. One black spot on Trinity's otherwise good performance in North America was the decline in profits of its South Chicago newspaper business. At home, the Liverpool Echo lifted circulation hy 3 per cent and increased odvertising volumes, as did the Daily Post. However, these gains were offset hy start-up costs of the Liverpool Star and the cost of realigning Wirral newspapers in the second half. The first half of 1985 is proving difficult for Trinity, although capital spending, in particular at the Stoke packaging plant and on new equipment in Canada, should flow through to and improve the second half. The company is still unsure as to how the Government's Budget extension of VAT to newspaper advertising will affect it. The shares rose 11p to 277p yesterday.

Available profits came through at £4.83m, compared with £702,000. Earnings per 50p share surged from 22.6p to 34.9p.

I o M Steam/Sealink deal passed

BY A SPECIAL CORRESPONDENT

PLANS FOR a merger between the Isle of Man Steam Packet and the Manx service of Sealink were approved in principle by shareholders late yesterday. A poll abowed an 82.42 per cent vote in favour of tho scheme.

The poll overturned an earlier show of hands at a day long special shareholders' meeting which rejected the proposal hy 130 votes to 75. The result of the poll ls decisive.

The Steam Pocket made e large loss in 1984 and agreed to proposals from Sealink, now part of Mr James B. Sherwood's Sea Containers Group, to merge tho two companies' services between the island and the mainland.

Under the plan Steam Packet would ehut down its Liverpool to Douglas service and combine its sailings with Sealink's from Heysham to the island. Sealink would take o 40 per cent stake in the Steam Packet's equity.

Mr Sydney Shimmin, chairman of the Steam Packet, warned shareholders that a rejection of the merger was a dangerous decision. It was the only way forward for the company and was an economic necessity if it was to become profitahle, he said.

Mr Harold Kelly, chairman of the rehel shareholders' committee, said the directors hod given the impression they hod gone behind the shareholdera' hocks to put the company in the hands of an American — Mr Sherroo Sherwood. He said hie committee bad e plan to ensure that control remained in Manx hands.

Other shareholders called for e delay in deciding on the company's future because of the signs that the company was recovering from the "disastrous" year in 1984.

Another said thot shareholders would hack a rights issue if this was needed to overcome temporary difficulties.

On Tuesday, Tynwald, the Manx parliament, voted to put the island government's 13 per cent holding in Steam Packet behind the Sealink merger plan. The directors of the Steam Packet have a holding of 17 per cent in their company.

An alternotive proposal merger proposal from Island Carriers, e privetely-owned Manx haulier, was turned down by the Steam Packet hoard. Island Carriers hod failed to gain the support of two other Manx heuliers, Ronagency and Express Parcels for lts plen.

Yesterday's meeting gave approval in principle to the merger scheme though a second shareholders' meeting, for which 21 days notice hed to be given, will he held on March 29, to approve a change ln the Steam Packet's articles of association.

Ward White drops bid for Foster Bros.

Ward White, the Northamptonshire-based shoe retailer, yesterday bowed out of the take-over battle for Foster Brothers Clothing, the menswear chain, in the face of a much higher agreed offer from Sears Holdings, ooe of Britain's biggest retailers.

Ward White's hid was worth some £97m against Seers' £115m, but it allowed its offer to lapse after studying details of Foster Brothers' financial performance which were revealed when Sears made its hid.

This showed that Foster Brothers' pre-tax profits for the year to the end of February would be around £1.7m, against £8.3m in 1983-84, and that tha company's 49.8 per cent owned U.S. subsidiary had incurred heavy losses.

Ward White said yesterday that it had anticipated much of the information now revealed and considered that its offer placed a full valuation on Foster. It had therefore decided not to increase its offer.

LADBROKE INDEX
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DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Bowater Industries	5†	July 5	4.25	8.5†	7.75
Britoil	8.2	—	6.7	11.5	10
Bronx Eng	0.5	May 8	0.79	0.5	1.04
Church & Co	12	—	8	16	11
Clifford's Dairies	4.2	—	3.8	6.4	5.8
CPU Computers‡ ...int	nil	—	0.5	—	1.4
Delaney Group¶	1.4	May 10	—	2.2	—
HTV Group ...int	2.5	May 2	2.5*	—	7*
House of Lerose	8	June 10	5	8	8
Noble and Lund	0.19	—	Nil	0.19	Nil
Plan Invest	1.1	—	—	1.65	—
Rentokil Group	1.35	—	1.18	2.13	1.85
Sirdar ...int	1.32	—	1.25	—	3.25
Tay Homes ...int	1.4	—	1.37	—	4.5
Telfos	1.54	May 16	1.05	2.59	1.47
F. W. Thorpe ...int	1.4	—	13	—	3.45
Trinity Intl	8	April 26	6.9	12.2	10.8
Memec†	1.68	May 24	1.35	2.4	1.96*
Park Place Invs ...int	2.25	May 31	1.75	—	4.75
Thos Walker ...int	0.17	April 30	0.24	—	1.18

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issuo. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 14 months to December 1984.

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
144	123	Ass. Brit. Ind. Ord.	142	—	8.8	4.4	7.9	8.4
151	135	Ass. Brit. Ind. CULS	148	—	10.0	8.8	—	—
77	51	Airsprung Group	56	—	8.4	11.4	0.2	7.4
42	26	Armitage & Rhodes	34	—	2.9	8.5	4.2	7.0
144	108	Bardon Hill	144	—	3.4	2.4	14.5	24.2
68	42	Bray Technologies	52	+2	3.5	6.7	8.0	8.7
201	170	CCL Ordinary	170	—	12.0	7.1	—	—
152	110	CCL 11pc Conv. Pref.	110	—	15.7	13.8	—	—
910	100	Carborundum Ord.	910	+5	5.7	0.8	—	—
87	84	Carborundum 7.5pc Pf.	87	—	10.7	12.3	—	—
103	43	Cindico Group	43S	—	—	—	—	—
73	51	Deborah Services	53	—	6.5	12.3	6.0	8.2
312	182	Frank Horsell	312	—	—	—	12.5	16.4
286	170	Frank Horsell Pr.Ord.87	286	—	9.8	3.8	10.7	14.0
32	25	Frederick Parker	27	—	—	—	—	—
58	33	George Blair	58	—	—	—	3.9	7.0
50	25	Ind. Precision Castings	25xd	—	2.7	10.8	6.0	7.4
210	186	Isis Group	189	—	15.0	7.9	7.5	13.0
124	102	Jackson Group	104	—	4.9	4.7	4.3	8.4
285	213	James Burrough	254	−1	18.7	0.4	9.0	9.0
93	83	James Burrough 9pcPf.	85	—	12.9	15.2	—	—
87	71	John Howard & Co.	86	+1	5.0	5.8	6.8	12.5
171	100	Linguaphone Ord.	171	—	—	—	—	—
100	93	Linguaphone 10.5pc Pf.	96	—	15.0	15.0	—	—
615	300	Minihouse Holding NV	615	—	3.8	0.6	44.2	48.4
120	31	Robert Jenkins	45	—	5.0	11.1	—	—
60	28	Scruttons "A"	32	—	5.7	17.8	16.8	3.8
93	01	Torday & Carlisle	78	—	—	—	8.4	17.7
444	355	Trevian Holdings	355	—	4.3	1.2	20.2	19.8
27	17	Unilock Holdings	26	—	1.3	5.0	12.0	18.2
98	81	Walter Alexander	95xd	—	7.0	7.9	8.4	11.4
247	224	W. S. Yeates	224	—	17.4	7.7	5.4	10.7

S=Suspended.
Prices and details of services now available on Prestel, page 48146

UK COMPANY NEWS

Bowater still awaits full demerger benefits

Bowater Industries yesterday reported a taxabla profit nf £35.7m for 1984 compared with a restated £27.6m following tho demerger of the North American pulp and paper operations of Bowater Incorporated.

Dr Ingram Lenton, group chairman, says that in assessing tho figures shareholders should take into account the impoct nf the recapitalisation on the interest charge and redundancy and associated reorganisation costs of £5.9m.

Last year'o recapitelisation and demerger involved five main elaments: o £41.5m rights issue; a £37m initial public offer of shares in Bowater Inc; net sale proceeds amounting to £34.1m from Canadian interests; a special dividend of £32.5m and prepayment of licence fees of £21.4m from Bowoter Inc$ and distribution of the remaining shares in Bowater Inc to shareholders.

Dr Ingram says that the full impoct of these transactions will not be realised until 1985 since the cash recelved was only received during mid-April and June last year.

"While the nrecise effect cannot be quantified the chairman says that "if this cash had been received at tha beginning of tha yoar, and bad earned inlarest nf, say 10 per cent the 1984 results would have increased by opproximalely £7m at tha pre-lax level and earnings by 6.5p per share."

The taxable result for 1984 was obtalned on turnover of £1.27bn (£1.08bn) and was struck after interest payable of £12m (£20.2m). Earnings per £1 share were 24.6p.

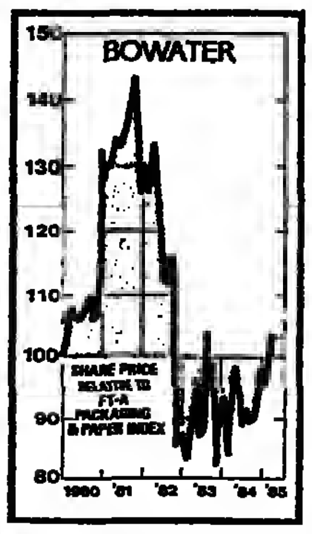
All but ona of Bowater's divisions—the UK tissue business being the exception—increased their eontribution in 1984. Thla pattern was evident ot halfwoy when group profits rose from a restated £8.3m to £12.4m pretax, with tissue operations showing the only decline from £6m to £4m.

Packaging and associated prodnets contributed £15.1m, against £11.7m, to the full-year result and o similor increose was achieved by merchanting and services with a rise from £11.5m to £15m.

Paper and pulp made £4.8m compared with £1.4m, and olher activities, less central costs, added £0.2m to the result against a £1m loss last time.

Tissue and associated products (Bowater 50 per cent interest) returned nearly 50 per cent less ot £6.2m (£12m).

Shareholders are in line for o 5p final dividend making a total payout of 8.5p. Dividends in 1983 amounted to 7.75p.



Dr Ingram Lenton

● **comment**

Nobody could complain at the standards of disclosure at Bowater Industries. Having cut its teeth on the demerger of its U.S. pulp and paper interests last year, Bowater has an appetite for analysis which leaves the stockbroking community little to do: which may or may not explain a 3p drop in the share price to 256p yesterday. Even odopting measures other thar Bowaler's, the UK-based grou is in a state of rude financial health: the eash ralsed from the transactions in the demarger operation has left Bowater with equity gearing of 24 per cent, which is not bad considering a net eash outflow from the Bowaler-Scott tissue business. Here profits of only £12.4m—50 per cent altribulable lo Bowater—were held back by a net £11m loss through the rising priee of pulp and an appreciating dollar as well as restructuring costs. With the pulp price now back from its heights, and provided new machinery enters service without trouble, the division shoulo start recovering in the second half of the current year. The group is now well-placed to make acquisitions of cash generative businesses on the freight and building products side. While packaging is not the most exciting business, the group is serious about moving into higher value-added produrts. Good tax management should keep the tax charge under 25 per cent this year, so that the group seems rather conservatively rated at 8 times 1985 earnings.

Losses at London offshoot eliminate Munton's profits

BY LIONEL BARBER

Munton Brothers, the Ulster-based shirt and blouse maker which supplies Marks and Spencer and Tesco, yesterday revealed beavy losses st its London design and marketing subsidiary, Lillygould.

A loss of £1.9m has wiped out trading profits in Northern Ireland, where the company employs 1,000 workers, and will require a financial rescut package. No details are yet available.

Munton blamed yesterday's unaudited figures, which cover the eight months to last December, on serious deficiencies in the quality and valuation of stocks at Lillygould. The losses beve wiped out balf of sharebolders' funds, a large cbunk of wbich are beld by leading City institutions, and there is no interim dividend.

Henry Ansbacher, Munton's advisers, has called in the accountants, Deloitte Haskins and Sells, to overhaul the group's management and financial controls. The shares fell 5p to 16p on the news yesterday, and closed at 19p.

"We bave been through a bad hiccough," said Mr Thompson Gallagher, managing director, "but we are now extremely confident about the future of the business."

Munton bought Lillygould in 1982 for £250,000, a year after tha group went public. The idea was to reduce its dependence on Marks and Spencer which accounted for around 80 per cent of sales. Lillygould, a family business which relled on outworkars to handle tha manufacturing of blouses, were suppliers to Tesco and British Homa Stores.

Since 1982, Munton has made a string of purchases of textlie companies in Northern Ireland. These have been matched by two rights issues, one of £1m and the other of £1.5m. Last April, Munton said it viawed trading prospects with confidence as o result of rising order volumes.

Just three months before, Munton's major shareholder, Taddale Investments, also advised by Henry Ansbacher, disposed of its 20.4 per cent stake. Munton's new stockbrokers, W. Greenwell, placed the 3,372,973 shares with City institutions, with both the Bankers Investment Trust and the Royal Bank Save & Prosper Nominees now bolding more than 5 per cent of the Ulster company.

Munlon'a losses are £347,000 before interest of £175,000 and extraordinary items, of £1.38m, entirely due to tha problems al Lillygould. Mr Gallagher sald the group intended to retain o London marketing operation, but all administrative and manufecturing activities would be transferred to Northern Ireland.

He stressed that the management changes, which included the appointment of Mr David Sebire, a non executiva director of Henry Ansbacher, to the board, bad the support to tho company's bankers, Barclays Bank.

Listing for Sintrom via tender offer

By Stefan Wagstyl

Sintrom Group, a manufacturer and distributor of computer peripberal equipment, is being floaled on the Stock Exchange with a market capitalisation of £15.75m.

Barclays Merchant Bank is seeking a listing for the company through a tender offer for sale of 2.4m shares, or 26.8 per cent of the equity, at a minimum price of 175p each. Brokers to the issue are Cazenove.

The company is raising £2.45m at the minimum tender price from the sale of 1.7m new shares. The other 750,000 shares are being sold by Sintrom'a founder and chairman, Mr Tom Dalzell and his family, who will be left with about 73 per cent of the equity.

Reading-based Sintrom, which started trading in 1968, derives half its sales from the distribution of a wide variety of computer peripberal equipment to manufacturers, dealers and othars.

Tha other half of sales are in the group's manufacturing companies: Perex, which makes data capture and storage equipment, and LRT, which manufactures local area networks, enabling computers to communicate with aacb other.

British Telecom is a major customer accounting for 39 per cent of group turnover and about 80 par cent of manufacturing sales.

The group has turned round from a £39,000 pre-tax loss in 1983 on sales of £2.49m to a £1.03m profit last year on sales of £11.45m. The contribution from manufacturing bas jumped from little more than £50,000 in the years before 1983 to £755,000 last year.

Sintrom says 1985 bas started well. It intends to use the money raised from the offar for sale to clear bank borrowings and to fund further expansion. It aims to spend about 10 per cent of manufacturing turnover on research and development.

At the minimum tender price, the shares are valued at 23.8 times 1984 earnings on a 47 per cent tax charge. The indicated dividend yield is 1.5 per cent.

Application lists for tha issue are to close next Thursday and dealings are expected to start on April 3.

● **comment**

It takes a brave man to launch a computer-related company on to the market at this time and at this price. Admittedly, Sintrom Group arrives with a strong recent profit record; but the group will have its work cut out living up to expectations. Its old-established distribution business bas a rather patchy history. It is a jack-of-all-trades supplier rather than a specialist. The manufacturing operations have shot ahead in the past two years, but it has all been done on the back of BT business, and on the expansion of System X production in particulor. With BT reining in the further growth of System X output this year, it is not yet clear whether Sintrom can make headway fast enough with other customers. One new range—local area networks—takes the group into a highly competitive field. Undoubtedly, with the support of the mighty Cazenove, the issue is unlikely to flop, but the after-market is a different matter. Investors should certainly regard the minimum tender price as a maximum.

Newey Group

Newey Group, West Midlands-based manufacturer of pins and other smallware, achieved increased pre-tax profits for 1984 of £1.35m against £1.02m, on turnover ahead by £3.34m at £17.91m.

The directors of this wholly-owned subsidiary of William Prym-Werke of West Germany say that 1985 has started on the most encouraging note for many years.

Stated earnings per £1 share are shown as 49.2p (36p). Newey bas close company status.

City & Commercial

Net asset value per £1 capital share of City & Commercial Investment Trust improved from 691.6p to 838.6p over the year to January 31, 1985, after deducting the debenture stock and income shares at their nominal values. Net profits rose to £854,000 (£780,000) after tax of £382,000 (£343,000). A final dividend of 1.72p makes a net total of 3.615p (3.299p).

Park Place midway record

A RECORD level in first balf profits—ahead from £162,000 to £1.03m—has been achieved by Park Place Investments following a turnround from losses of £142,000 to profits of £736,000 in the training division for the six months to the end of 1984. At the end of the last full year the directors said that a loss incurred by involvement with tha Government's Youth Training Schema had incurred their only major setback in several years.

Current trading is satisfactory and the directors view prospects for the year as o whole with confidence.

The interim dividend has been lifted from 1.75p to 2.25p. Earnings per 10p share are shown as rising from 1.5p to 6p. In the last full year a total of 4.75p was paid from profits of £746,000 (£1.55m).

Turnover moved ahead from £6.2m to £7.3m.

First half profits in instalment credit fell from £319,000 to £226,000 and the directors say that expected volumes of business were not achieved in the six months. At the end of the first half £3m of a £12m syndicated loan facility remained unutilised.

UK COMPANY NEWS

Paul Ham looks at Williams' £24m bid for J & H B Jackson

Linking up for the U.S. connection

Williams Holdings' contested £24m bid for fellow engineering concern, *J. & H. B. Jackson, sets* the scena for a battle between a fast moving company led by an accountant-turned-entrepreneur and a steady if unexciting one beaded by a nuts and bolts engineer with 30 years in his business.

On one sida is Mr Nigel Rudd, chairman of Williams Holdings, wbo with his managing director, Mr Brian McGowan, bas turned Williams in three years from an ailing diecaster making losses of about £1m into a diversified *specialist* engineer and *motor* vehicle distributor which made a profit of £1.92m last year from sales of £47m.

On the other is Mr Philip White, the 55-year-old engineer who is chairman of J. & H. B. Jackson, a company with a long history in engineering and forging, a strong balance sbeet and a record of steady tbough unspectacular growth. Taxable profits increased from £1.65m in 1975 to £3.58m in 1983.

If accepted the bid would, in effect, triple Williams' size, increasing net assets from about £10m to about £30m.

Williams is highly acquisitive. Mr Rudd and Mr McGowan bave shot across the smaller end of the engineering sector, taking a string of companies in their waka. "They have left many engineer/managers blinking in disbelief," commented one City analyst. But the bid for Jackson is their most audacious move yet.

There is a striking similarity between Williams' and Jackson's activities. Williams' major business is forging specialised components for the *aircraft industry*, including parachute harness fittings and unloading platforms. It also makes chains, boilers and plastic products and distributes Mercedes Benz, Jaguar, and BMW motor vehicles.

Jackson's major activities include engineering, plastics, following it £4.9m acquisition of Gallos in 1983, forging for the aircraft industry, distributing Ford motor vehicles and scrap metal merchanting.

Williams says it wants Jackson on the grounds of compatibility. Both companies, not surprisingly, *have common custmers in British* Aerospace, British Steel, and British Leyland.

Williams is offering Jackson shareholders five of its own ordinary shares and eight cumulative preference shares, of 5 per cent redeemable in 2005, for every 20 ordinary shares in Jackson.

The new and convertible shares, once converted, would represent 50 per cent of Williams' enlarged share capital.

Jackson has bluntly rejected Williams' offer, describing it as "unsolicited and unwelcome" and "*failing to recognise* our great financial strength and future."

'Jackson has the distribution strength we need in the U.S. and with the decline in sterling the U.S. is a market we have really got to have a go at'

Williams sees as a jawel in Jackson's crown the letter's U.S.-based Gallos Plastics group. Williams intends to sell plastic chain in the U.S. under it Ewart *brand name made from plastic* components supplied by its Rotalac plastics subsidiary.

"Jackson has the distribution strength we need in the U.S. and with the decline in sterling the U.S. is a market we have really got to have a go at," said Mr McGowan.

Mr Rudd first demonstrated his appetite for acquisition when he bought 51 per cent of W. Williams & Sons, as Williams Holdings was then called, in February 1982, through C. Price & Son, the engineering company he then headed. Williams was making losses of £996,054 from sales of £6.97. "It was six months away from receivership," according to Mr McGowan.

A dramatic six-month reconstruction process followed: output volumes were pulled back, inventories uncluttered, old *foundry businesses* and property sold off, and staff members reduced.

Mr Rudd and Mr McGowan then set their sights on expansion. Loss-making Ley's Foundries & Engineers, makers of Ewart chain and Beeston boilers, was the first to fall into the Wilyliams fold, in November 1982, following an agreed offer worth £3.1m in cash and preference loan stock. At the time Ley's was losing £2.5m.

A massive reduction of output, a 12 per cent increase in price and 600 redundancies later, Williams turned Ley's into a 'ow voluma/high margin chain and boiler maker: its specialist engineering products division.

Next came the profit-making Garford-Lilley aeronantics, BMW dealership and plastics group which Williams bought for an agreed £5.44m in cash and equity, in December 1983. That year Garford-Lilley made £300,000 profit, enough for Williams to leave the company basically as it was epart from upgrading each division.

Total cost of Williams' acquisitions is £11.04m (financed mainly through cash and equity) which is less than half of the value of its bid for Jackson.

Williams' growth record has little to do with tha "recovery" of tha engineering sector in 1984 when total output increased 5 per cent (ie, back to 1979's level). City analysts attribute it directly to Mr Rudd and Mr McGowan's nerve, energy and well-targeted investment. "They are both definitely managers first and engineers, a late second," said one.

Another said Williams' real strength was its ability "to distinguish between the profitable and unprofitable activities of a new company."

In contrast to Williams' meteoric growth, Jackson bas evolved *slowly over* the 24 years since it floated in 1961, on assets of £120,000 and profits of £50,000.

The company grew steadily through the 70s and into the 80s but in the year to September 30 1984 taxable profits fell £910,000 to £2.67m and earnings per sbare fell to 7.4p. The main victim was Jackson's forging division, wbich turned in its worst result in a decade, making up only 17 per cent of total profit compared with 66 per cent in 1981.

Jackson's *other* major divisions all increased profits. Engineering benefitted from rationalisation over the last two years, and Gallos made £724,000 in the first year under Jackson. But its Coventry-based Ford dealership had a particularly difficult year with no improvement in sight.

Commenting on the bid, Mr White said: "It's their first shot—one mustn't make hasty judgments. At the moment it's a purely paper offer from a company with one year's profit. After all, Jackson's assets are twice Williams'."

His managing director, Mr John Kinning, added: "Williams bave not yet known any degree of profitability. They're putting strong value on their current management who have only been in place for two years."

At £24m Jackson poses a much *bigger and less digestible target* for Williams. Directors Rudd and McGowan, bowever, remain confident. Quick to delegate responsibility, Mr Rudd said bis company "wouldn't go for Jackson unless we knew we had four or five peopla who could move in that business." Mr McGowan sees it as a "half-way house between what we did with Ley's and what we did with Garford-Lilley." Bnt whether they will get the opportunity is another matter.

Clifford's Dairies edges ahead to £3.25m

Better-than-expected second half results enabled Clifford's Dairies to post full year taxable profits of £3.25m, just above last year's £3.21m. Second balf profits were up 19 per cent, higher than the directors anticipated at mid-year.

Tha final dividend is lifted from 3.8p to 4.2p, for a total of 6.4p (5.8p).

In the year to end-1984, operating profits improved by 4.6 per cent from £3.55m to £3.71m on turnover of £72.49m (£66.68m).

The directors say liquid milk volumes remained stable but that margins improved in the second half. They edd that growth continued in sales of cream and other dairy products. Fruit juice volumes were up substantially with margins improving in the last quarter.

Taxable profits inclnded associates share totalling £177,000 (£285,000), but came after interest payable of £637,000 (£623,000).

A net total of £2.2m was invested in new buildings, plant and vehicles. Total borrowing increased by £0.8m to £7m.

Net profits emerged of £1.62m (£2.71m) after tax of £1.64m (£502,000).

Earnings are stated at 13.29p (2.28p) actual tax charge and 13.29p (13.07p) full tax charge.

Jamesons Chocolates

Second-half profits of £251,000 left Jamesons Chocolates with pre-tax profits of £132,000, down from £553,000, for 1984. First-half losses were due to increased raw material costs, especially cocoa.

Thefinal dividend is held at 3p, which maintains the total at 5p. Earnings per 10p share are shown as 8.4p (12p).

Turnover of this confectionery maker rose from £8.78m to £8.81m.

Rockware shows recovery as glass moves into profit

A TURNROUND of £14m in the glass division to profits of £5.66m has pushed Rockware Group, also involved in plastics and engineering, back into tha black for 1984. Shareholders, however, still have to wait to benefit from the recovery, the last distribution being in 1982.

Turnover has been trimmed from £131.47m to £124.17m while profits at the pre-tax level were £2.74m, compared with losses of £12.83m.

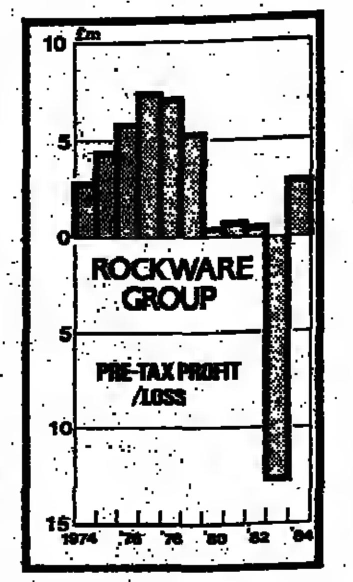
Sir Peter Parker, chairman, says that overal, while profits are not yet what they should be, nor where they will be, the revival of the group is on its way.

He states that the aim of 1985 is to see that profitability is restored to the point at which an ordinary dividend can be paid. He says the group starts the current year with trends in pricing, productivity and sales healthier than at this tima last year, "that I believe our turnround is significant. It points towards improving profits and it indicates the new momentum in policy and management."

Sir Peter adds that there is no reason to thing that the current year will be any easier than *1984*," but we are *determined* to make it more profitable."

A divisional split of turnover and operating profits—£5.92m against £7.89m losses—shows: glass £107.41m (£101.31m) and £5.66m (£8.34m loss); plastics £15.24m (£26.91m) and £80,000 loss (£537,000 profit); engineering £1.52m (£3.25m) and £341,000 (£84,000 loss). Last year's figures included turnover and profits of £12.43m and £276,000, and £1.93m and £184,000 loss, of Allda Packaging (plastics) and Rockware Kingspeed (engineering) respectively which were disposed of during 1983.

Sir Peter explains that after the "mayhem in the early eighties," the glass container industry has steadied significantly. He says that better results have flowed from three interdependent factors above all: First the cutbacks in excessive capacity which, since late 1983, have set a healthier balance between supply and demand. Second, far more realistic pricing has been achieved. The third factor was crucial, tha chairman says; the group's new management team "has proved itself incisive and capeble of managing change profitably."



Sir Peter points out that inventories have been redneed, and productivity "has never been higher in our factories."

Improved profitability was achieved in nine of the group's 10 operating sites with only the Golbourne plastics sida still struggling with its reorganisation, the chairman says.

Pre-tax figure for the 12 months included an exceptional credit of £689,000 (£1.68m debit), but was after interest, £3.18m (£4.38m), and an associate's share of losses, down from £557,000 to £6,000.

After tax £365,000 (£26,000) and minority credits £181,000 (£137,000 debits), earnings per 25p share were given as 7.7p, against losses of 60.46p. Fully diluted earnings amounted to 4.06p.

There was an extraordinary credit of £710,000 (£5.13m debit) and after preference payments of £834,000 (£32,000) the retained balance came through at £2.43m, compared with losses of £18.15m.

Mr Richard N. D. Langdon, who retired recently as senior partner from Spicer & Pegler, has been appointed a non-executive director.

● comment

No doubt a few jaded investors have heard it before, but this time it really *does* appear that Rockware is on the path to recovery. The turnround at the pre-tax level last year was quite spectacular but it is probably premature to *interpret* these figures as the forerunner of, say, a £5m profit this year. To achieve tha result new management has tackled the dual problems of overcapacity and cut-throat pricing. Capacity has been cut by 20 per cent and a 6 per cent price rise in September '83 was followed up by a further 6 per cent last April. Tha company is talking of a similar rise now bnt the sceptics question Rockware's ability to make it stick, given the way imports have undermined the industry's pricing structure. But *the brake on the* profits recovery this year will not be pricing or overcapacity, the problem is the continuing burden of high interest charges. Debt has come down to £26m, a creditable achievement, but that still takes a lot of funding on 13 per cent base rates. At 55p a fully diluted p/e of around 9, assuming a £3½m profit and nil tax, is, not surprisingly, still taking a fairly cautious view.

All-round growth gives Church £4.7m

ALL DIVISIONS contribnted to a substantial increase to profits at Church & Co, Northampton-based footwear manufacturer and retailer, for 1984. At the pre-tax level profits surged from £2.8m to £4.72m on turnover ahead by £7.44m at £51.85m.

A final 12p (8p) dividend is being paid, bringing the total for the year *to 15p against 11p*. Stated earnings per 25p share emerged higher at 62.1p (33.9p).

Also proposed is a one-for-one scrip issue.

Mr Ian Church, the chairman, says that looking ahead the group's factory orders are "excellent" and the factories should again be busy throughout the year.

Provided the exchange rate with the U.S. dollar remains in the present range, he tells shareholders that the tourist business in the group's London shops should be better than in 1984. He also expects direct exports to increase, and the group's U.S. and Canadian companies to have another good year.

The U.S. companies earned profits of $1.42m (£1.19m) on sales of $8.89m. Trading in Canada has also been considerably better in the first two months of 1985, and the retail companies in Belgium and France are continuing to prosper.

The chairman adds that in the UK the group's factories will benefit from expected good retail sales, and that its UK retail company, A. Jones and Sons, will "hopefully" continue the profit trend seen in 1984 when it achieved pre-tax profits of £1.24m, against £236,000.

The manufacturing companies also had a successful year, and again exports were at record levels, *totalling over* £8m.

For 1984 there were interest payments of £895,000 (£676,000). Tax took £1.47m (£1.03m), and minorities £5,000 (£6,000).

House of Lerose falls to £0.73m

Continuing profit decline has been shown at House of Lerose with the pre-tax figure falling from £1.73m to £727,000 for 1984, which follows the slide from £561,000 to £225,000 at the half-way stage.

The directors say that at the interim stage they had indicated that these new areas in the group requiring rationalisation. They say thet management is continuing to deal with this task and a summary of progress will accompany the annual accounts.

The final dividend is held at 5p which maintains the total of 8p. Earnings per share are shown as falling from 18.1p to 10.6p.

Turnover of this garment manufacturer, fabric printer and dyer moved up from £17.45m to £17.96m. *Comparative* figures have been restated to allow for foreign currency translations.

Profits were subject to tax of £121,000 (£699,000) and dividends will again absorb £456,000, leaving the retained balance sharply lower at £150,000 compared with £573,000.

At the halfway stage the directors said that the most serious development had been an accelerated trend away from knitted fabrics, which had rendered the company's vertical integration largely ineffective. *Textile companies had suffered* particularly

* * *

George H. Scholes, electrical engineer, raised first-half taxable profits from £1.84m to £2.22m and has increased the net interim dividend by 20 per cent to 6p.

Distribution row behind CPU slump to break-even

CPU Computers has resolved the dispute with Shugart over distribution agreements in the UK and Germany which, following a warning at the annual general meeting in December, was mainly behind the company's first half slump to a break-even level.

Turnover for the six months to December 31, 1984 was lower at £7.74m, against £10.63m, and profits before tax slumped from £806,000 to £100,000. Interest charges rose by £149,000 to £170,000.

The interim dividend has-been passed in light of the results but the directors are confident that with the Shugart agreement, cost cutting, and trading growth the group will trade profitably in the second half.

The first half loss per share was 0.5p (earnings 2.4p), after tax of £65,000 (£374,000) — minorities came to £21,000 (£50,000).

CPU, a USM stock engaged in computer system manufacturing, also says that CPU Peripherals and Synalec Datensysteme have been appointed non-exclusive distributors of all currently available Shugart products in the UK, West Germany and Austria for 1985.

● comment

CPU's interim figures are pretty meaningless as the profits line has been struck after an unquantified, but substantial, "benefit" following the agreement with Shugart. The important point, however, is that CPU has got through an extremely difficult period without disastrous losses and the management is talking confidantly of *recovery from here on. But even* if this year is written-off by investors, the Shugart disputa has set the group back a pace in terms of development. CPU had intended to make two acquisitions last year—in the UK and Germany—and embark upon a £½m advertising campaign for its Octopus business computer. That would have needed a rights issue but the collapse in the share price put paid to all that. Now CPU will have to wait a good 12 months before it can think of acquisitions and rights issues again. Still, the shares at 41p are worth supporting given the recovery potential. And, for added spice, there is always the thought that CPU could be taken over. Two men bold voting control and thay make no secret of the fact that size is important in this business. If they can't make the acquisitions, they would not ba totally averse to joining a bigger group—assuming an offer came from their idea of the right company.

BOARD MEETINGS

TODAY

Interims:—Bridport-Gundry.

Finals:—Bentson Clark, John Edward Crowther, Eucalyptus Pulp Mills, Great Northern Telegraph, Hepworth Ceramic, Lyon and Lyon, Newman Industries, *Turner and Newall*, *Wolstenholme* Rink.

FUTURE DATES

Interims:—

Charterhall	Mar 27
Logica	Apr 2
New Court Trust	Apr 2
Pearce (C. H.)	[illegible]
Steaua Romana	[illegible]

Finals:—

Consultants (Computer & Fin.	Apr 2
Fosseco Minsep	[illegible]
Gibbs and Dandy	Mar 27
Grampian Holdings	Mar 28
Jersey Electricity	Apr 12
Johnson and Jorgensen Pkg.	Apr 15
Legal and General	Mar 28
Monument Oil and Gas	Mar 27
Scottish Heritable Trust	Mar 29
Sparrow (G. W.)	Apr 4
Stewart Wrightson	Apr 2

BASE LENDING RATES

A.B.N. Bank	13½%
Allied Irish Bank	13½%
Henry Ansbacher	13½%
Amro Bank	13½%
Associates Cap. Corp.	14 %
Banco da Bilbao	13½%
Bank Hapoalim	14 %
BCCI	14 %
Bank of Ireland	14 %
Bank of Cyprus	13½%
Bank of India	14 %
Bank of Scotland	13½%
Banque Belge Ltd.	13½%
Barclays Bank	13½%
Beneficial Trust Ltd.	14½%
Brit. Bank of Mid. East	13½%
■ Brown Shipley	14 %
CL Bank Nederland	13½%
Canada Perm'nt Trust	13½%
Cayzer Ltd.	13½%
Cedar Holdings	14 %
■ Charterhouse Japhet	13½%
Choulartons**	
Citibank NA	13½%
Citibank Savings	¶12½%
Clydesdale Bank	13½%
C. E. Coates & Co. Ltd.	14½%
Comm. Bk. N. East	13½%
Consolidated Credits	14 %
Co-operative Bank	•13½%
The Cyprus Popular Bk.	13½%
Dunbar & Co. Ltd.	13½%
Duncan Lawrie	13½%
E. T. Trust	14½%
Exeter Trust Ltd.	14 %
First Nat. Fin. Corp.	15½%
First Nat. Secs. Ltd.	14½%
■ Robert Fleming & Co.	13½%
Robert Fraser & Ptns.	14½%
Grindlays Bank	‡13½%
■ Guinness Mahon	13½%
■ Hambros Bank	14 %
Heritable & Gen. Trust	14 %
■ Hill Samuel	§13½%
C. Hoare & Co.	†13½%
Hongkong & Shanghai	13½%
Johnson Matthey Bkrs.	14 %
Knowsley & Co. Ltd.	14 %
Lloyds Bank	13½%
Edward Manson & Co.	15 %
Meghraj & Sons Ltd.	13½%
Midland Bank	13½%
■ Morgan Grenfell	13½%
Mount Credit Corp. Ltd.	13½%
National Bk of Kuwait	13½%
National Girobank	14 %
National Westminster	13½%
Northern Bank Ltd.	13½%
Norwich Gen. Trust	13½%
People's Tst & Sv. Ltd.	14½%
Provincial Trust Ltd.	15 %
R. Raphael & Sons	13½%
P. S. Refson	14 %
Roxburghe Guarantee	14½%
Royal Bank of Scotland	13½%
Royal Trust Co. Canada	13½%
■ J. Henry Schroder Wagg	13½%
Standard Chartered	∥13½%
Trade Dev. Bank	13½%
TCB	13½%
Trustee Savings Bank	13½%
United Bank of Kuwait	13½%
United Mizrahi Bank	13½%
Westpac Banking Corp.	13½%
Whiteaway Laidlaw	14 %
Williams & Glyn's	13½%
Wintrust Secs. Ltd.	13½%
Yorkshire Bank	13½%

■ Members of the Accepting Houses Committee.

• 7-day deposits 10½%, 1 month 11.25%. Fixed rate 12 months £2,500 11.75%, £10,000 12 months 12.00%.

† 7-day deposits on sums of under £2,000 10½%, £2,000 up to £10,000 11½%, £10,000 up to £50,000 11¾%, £50,000 and over 12%.

‡ Call deposits £1,000 and over 10½%.

∥ 21-day deposits over £1,000 10½%.

¶ Mortgage base rate.

§ Demand deposits 10½%.

** See Provincial Trust Ltd.

Memec advances to £4.5m in 'rapidly expanding' market

WITH ITS market continuing to expand rapidly over the 12 months to December 31, 1984 Memec (Memory and Electronic Components) saw its pre-tax profits rise for the period from £2.81m to a record £4.51m.

Furthermore, incoming orders in the first three months of the current year have been "particularly encouraging" and with the benefit of investment made in sales activities in 1984 and early 1985 the directors expect te see further satisfactory growth in the year.

Turnover for 1984 surged by 91 per cent to £34.43m (£18m). The group now has 12 subsidiaries distributing a comprehensive range of products including active components, OEM systems, disk products, peripherals and microcomputers in the UK and West Germany.

The directors say tho activities are now well balanced and should enable the group to maintain profitable growth in these expanding markets witheut being significantly affected by fluctuations in any one particular product area.

They continne to bold the view that it is in the best interests of both shareholders and the company that the major part of profits be reinvested to generate further growth.

A final dividend of 1.675p lifts the total from an equivalent 1.955p to 2.4p net per 10p share.

Tax for the past year accounted for £1.98m (£1.41m) to leave the net balance at £2.53m, compared with £1.4m. Earnings improved to 10.93p (6.66p) per share.

Demand for memories and microprocessor devices in the component sector was exceptionally strong in the first six months. In the second half supply began to catch up with demand, particularly in tha high volume games and personal computer manufacturing markets.

The directors say they purposely minimised the group's exposure in these areas and that this, together with the successful penetration of other market sectors less cyclical in nature and the continued expansion of the custemer base in existing markets resulted in a "bealth/growtb of erder backlog in both half years."

Tho group is currently in the process of setting up a further overseas subsidiary, Insight Electronics, which will operate in San Diego, California, as a specialist distributor of bigh-technology electronic components.

Further profits growth at Sirdar

FURTHER PROFITS grewth was achieved by Sirdar, knitting wool manufacturer, in the first half ef 1984-85 and the directers say that the second six months has startad well with spring yarns selling well.

Taxable profits fer the six months to January 1 1985 advanced from £4.57m te £4.83m on turnover of £18.52m compared with £17.68m. The 1983-84 full year produced a taxable result of £9m (£7.65m).

A higher interim dividend ef 1.32p, against 1.25p, is being paid. Earnings per share moved ahead from a stated 5.7p te 6.31p.

● comment

The mild autumn was net good news for Sirdar as knitters across tho country delayed their purchases of beavyweight yarns. It would bave been difficult te match the excellent 35 per cent increase in pre-tax profits that Sirdar achieved in the same period last year, particularly with the tough competition from ether manufacturers, especially Coats Patons. The market took the newa of the modest 5.7 per cent increase well marking the share price dewn just 1p to 136p. The cold spell that hit the country in the New Year immediately perked up prospects for the second half and demand has held up well. The continuing fashion interest in knitted garments and fashien yarns in cotton and acrylic as well as wool, sheuld help sustain demand inte the summer months at reasenable levels se that pre-tax profits of £10.2m eould be achievad. The company centinues to study opportunities fer acquisitiens within the textile secter—so far without luck. Meanwhile, tha shares sell en a prospective P/E ef 11.3.

Strong demand boosts Jaguar to £91.5m

REFLECTING continuing strong demand for its cars in all major markets and the strength of the dollar, pre-tax profits of Jaguar have leapt from £50m to £91.5m for 1984.

Prospects for 1985 are encouraging, Mr John Egan, chairman and chief executiva, says. He expects the majer luxury car markets to grow during tba year and, as in 1984, demand for Jaguar cars will continue te exceed supply.

Worldwide sales te dealers and distributors increased by 15 per cent to 32,956 units, compared with 28,467 in 1983. Within this figure sales ef the Series 3 saloons rose by over 14 per cent te 26,730 (23,413) while sales of the XJS sports increased by 24 per cent fr em4,886 te 6,070.

Substantial volume growth was experienced in Canada (up to 87 per cent), West Germany (nn 71 per cent), Australia (up 55 per cent) and "most significantly" the U.S. where sales improved by 19 per cent te 18,216 units, Mr Egan states.

The chairman points ent that Jaguar exported 55 per cent of its production to the U.S. during 1984 where demand remained stroeg in a growing luxury car sector. In the UK, he adds, there was a modest increase in sales despite a decrease in the total car market. Mr Egan says this continues the steady growth trend ef recent years.

Turnover ameunted to £634.1m for the 12 months ended last December, against £472.6m. Tax charge was £34.4m (£0.5m)—including £19.5m deferred provision—and after extraerdinary debits this time of £14.5m—relating te activities befere the offer fer sale last July—profits came through down from £49.5m to £42.6m.

As indicated, a 4.75p interim dividend is being paid, in lieu ef a final. Earnings per 25p share are givee as 31.7p, against 27.5p.

Mr Egan says that to meet the increased demand, production was expanded by 19 per cent to 33,347 units, a "significant volume beesi" being achieved during the latter part of the year when partial doubt-shift working was introduced at the Borwns Lane assembly plant.

"The development of the company's business in fereign markets is essential te our growth and prosperity," the chairman states, with exposure to foreign currency mevements going "hand in hand with this development."

The offer for sale of 178m shares at 165p each last July, which was oversubscribed about eight times, capitalised the company at £297m.

The Jaguar management gradually established its autenemy from BL since late 1979 and developed its cars under the Jaguar and Daimler marques in competitien with other up-market manufacturers such as Mercedes-Benz, BMW, Porsche, and in the U.S., Cadiltac.

Turnover has grown in the last five years by £468m, and tbe company has recovered te its current profit level from losses ef £47.3m in 1980.

As stated last July, a key to Jaguar's future success will be customer reactien to the company's new car, the XJ40, which has had the "most rigerous programme ef tests that Jaguar Cars has ever applied te a new vehicle," the directors said.

Earlier this menth Mr Hamish Orr-Ewing stepped down as chairman after enly eight menths in the jeb and was succeeded by Mr Egan, the man given much ef the credit fer the revival of Jaguar in recent years.

See Lex

Mr Jehn Egan, chairman and chief executive of Jaguar . . . development of the company's business in foreign marketa "essential to our growth and prosperity"

TV side checks HTV advance

DESPITE THE benefit ef a £2.92m drop in Exchequer Levy, pre-interest profits of the HTV Group's TV eperations fell from £3.65m to £2.83m over the six months ended January 31 1985.

However, beosted by better returns from its fine art activities and a drawing baek into profit by its publishing and statienery eperations, greup pre-tax profits for the period shewed only a fall of £186,000 at £3.93m.

Acting chairman Mr G. E. McWatters, tells shareheIders that the significant factor affecting the full year eut-turn will be televislen advertising revenue, wbere the current rate of growth is lnw.

However, be says overseas programme sales should be substantially bigher than last year.

Although publishing and stationery is seasonal and a loss is usually incurred during the second half the eutcome of this activity fer the full year sbeuld show a "considerable improvement" compared with 1983-84.

The interim dividend is being held at 2.5p net per 25p share

Greup turnover fer tha epening six months improved from £46.18m te £50.67m but pre-interest prefits edged ahead by only £40,000 to £4.21m. At this level fine art showed an advanee frem £382,000 te £590,000, with publishing and statienery swinging from losses ef £93,000 to profits ef £558,000.

● comment

The first tbing that must be said about televisien centracting is that it is a cyclical secter—and the current unhealthy state ef ITV revenues suggests that tbe industry is meving into mere difficult times. In HTV's case, first-half growth was only 6 per cent, which was insufficient to offset the rising overbeads such as the Fourth Channel subscription (up from £3.9m te £5m) and tbe cost of buying programmes, both of whicb are outsida the company's control. Against this, the fine art business did well, thanks to buoyant U.S. sales, while the stationery side saw the continuing benefits of last year's ratienalisation. But it is the core centracting business that counts and against the background of declining revenues, mest analysts are revising downwards their year-end estimates. HTV sheuld achieve some profits growth, but enly just. Assuming around £7.3m and a same-again tax charge, the prospective multiple is 6.8 at 143p, down 2p—a rating which also reflects some concern over the outcome of tbe current Exchequer levy review.

Peter de Savary builds up 8.64% stake in Lincroft

Mr Peter de Savary, the financier and yachtsman, has built up an 8.64 per cent stake in Lincroft Kilgour, the Savile Row tailer and investment company which last year fought off a bid from John Finlan, tho construction and property group.

His intervention means that 47.4 per cent of Lincroft's equity is beld by three shareholders—the others are Cedco Holdings, a Bermuda company, with 23.8 per cent, and Skylark, a Panama-registered company, with 14.9 per cent.

Opposition from "three substantial overseas sharebelders" yesterday forced Lincroft te adjourn a sharehelders' meeting witbent putting proposals fer an executive share option schema te the vote. The three had told the board they weuld vote against the preposal.

Lincroft attracted the bid from Finlan because of its investment portfolio and consequent potential for raising cash. After Finlan lost an acrimenious bid battle, Mr Graham Ferguson Lacey stepped down as chairman, of Finlan, and Finlan's stake in Lincroft was sold to Cedco.

Fer the year ended last September, Lincroft had pre-tax profits ef £1.15m, up frem £695,000, and investment income contributed £328,000. Its share price was unchanged yesterday at 160p, valuing the company at £7.3m.

BET expands in U.S.

BET has furtber expanded its U.S. publishing and bygiene services interests by acquiring four leading American medical publications and a linen and workwear rental company in three deals with a total value of $8.75m.

BET's publishing arm, Argus Press, has acquired Critical Care Nurse and Home Care Nurse from Simms Associates and Urolegy and Ear Nose & Throat Jeurnal from Ronald Park Davis at a combined cost of $5.25m. The journals will be transferred to Argus' existing subsidiary, Hospital Publications Inc., at its new premises in Secaucus, New Jersey.

HPI had an annual turnover exceeding $11m when it was acquired by Argus in April 1984 and these four titles will add a further $3.5m.

The two deals hring Argus Press' total acquisitions in the U.S. to 13 in the last three years at a cost of some $95m.

In a third U.S. deal, Advance Services, BET's hygiena services subsidiary, has acquired Apex Corporatien, a linen and workwear services company operating in Georgia, Flerida, and Tennessee for $3.5m. Apex, which had a turnover of $9m in 1984, is based in Atlanta, Georgia.

All Advance Services' U.S. operations are to be run by Mr Hart McIntyre, president of Prathers Inc., the first and largest of Advance Services' thre acquisitions of privately owned companies in South Eastern USA.

BANK RETURN

BANKING DEPARTMENT	Wednesday March 20 1985	Increase (+) or Decrease (—) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	6,614,203,801	— 1,266,240,851
Bankers Deposits	610,959,071	— 131,102,972
Reserve and other Accounts	1,674,052,484	+ 90,840,052
	8,613,768,356	+ 1,215,887,601
ASSETS		
Government Securities	607,817,415	+ 100,782,679
Advance & other Accounts	1,477,085,856	+ 459,615,292
Premises Equipment & other Secs.	6,524,341,840	+ 607,050,069
Notes	4,305,253	— 2,124,810
Coin	219,993	— 10,298
	8,613,768,356	+ 1,215,887,931

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in circulation	12,035,694,767	+ 2,124,810
Notes in Banking Department	4,305,253	— 2,124,810
	12,040,000,000	
ASSETS		
Government Dept	11,015,100	—
Other Government Securities	2,716,743,193	+ 141,997,969
Other Securities	9,312,241,707	— 141,997,966
	12,040,000,000	

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Corporate strategy

Japan's marketing thrust

BY CHRISTOPHER LORENZ

SAMURAI WARRIORS in old Japan learned not one martial art, but several, so that they could choose the best means of attack or defence in any particular situation.

It is the same with the marketing strategy of modern Japanese companies. They will sometimes attack with a karate blow aimed at a competitor's weak spot, sometimes with an aikido side-step, and sometimes with a full-frontal judo throw.

Rather than stick blindly with an approach that succeeds, they are adept at using a multiplicity of competitive weapons with carefully varied degrees of emphasis: price, promotion, product quality, prodnct features, product range, service and distribution. In any one of several combinations, these are employed in order to "flank," encircle or bypass the enemy, or to mount a frontal attack.

"We're training our marketing team in the latest Japanese foot-in-the-door techniques"

Despite Japan's success in penetrating one western market after another in the last 20 years, U.S and European companies are still not sufficiently aware of the sophistication and flexibility of sucb Japanese marketing strategies, warn Professor Philip Kotler, Liam Fahey and Somkid Jatusripitak in "The New Competition," a major book publisbed earlier this week.

In a hard-hitting attack on Peter Drucker and other management experts wbo bave claimed that the "Japanese miracle" is nearing its end, Kotler and his colleagues predict that Japanese industry will reinforce its position in its existing world markets, and point out that it is already starting to invade new ones, including fashion, cosmetics, banking, machine tools and medical equipment. Yet the establisbed Western producers "have bardly recognised the threat or bothered to construct counter-strategies."

Not only tbat, but Japanese marketing techniques are beginning to he emulated with success, by what the authors call "The Gang of Four": South Korea, Taiwan, Singapore and Hong Kong. A "Gang of Five" will follow: India, Indonesia, Thailand, Malaysia and the Pbilippines. "When these nations get their act together, and It may occur in the mid-1990s, they will flood the world markets with high quality and low cost products . . . and then there is China . . ."

If western companies want to fight back against Japan and the new Asian "Gangs" hy borrowing some of their weapons, they must first start to think more long-term, argue Kotler and Co. And they must develop a "marketing culture," rather than one wbich is pre-occupied with production and sales.

The anthors condemn American industry's preoccupation with short-term profits, and its reluctance to mount protracted Japanese-style campaigns to win market share.

This is not an original criticism: since the late 1970s there has been a growing chorus of complaint In the United States and elsewhere, especially Britain, about this so-called 'paper entrepreneurialism." But the viciousness of the hook's onslaught is unusual. It is given added weight by Kotler's position as a leading thinker in the U.S. marketing community—which is itself often criticised for short-term "myopia."

It is all too easy just to exploit today's opportunities, rather than also prepare for tomorrow, warns "The New Competition." This was the essence of the American response to the Japanese invasion of the 1950s, 1960s and 1970s; U.S. firms "milked the product-markets they had painfully established, and committed very few resources to fending off the Japanese. To do so would bave meant giving up some profits to earn or preserve future profits."

Precisely the same risk still exists today: "Unless U.S. firms commit to managing strategy for the long-term, rather than to . . . operations for the short-term, their chances of winning against the New Competition are slim."

Yet, say the anthors, the enbancement of accounting profits is still "the name of the game" in the U.S.; "product-market development takes a decided back seat to financial returns. If you seek a two-year payback period, it is difficult to go to hattle with competitors who disregard short-tarm returns."

In great detail, the book analyses the various marketing tactics used by Japanese companies. Among those which still seem not fully understood by Westerners are the closeness of market focus, the preciseness of product development strategy, and the integrated nature of pricing decisions.

The market focus adopted by Japanese companies in order to gain market entry is not only on carefully selected customer types in particular regions, using hand-picked dealers and distributors, hut often on specific towns or parts of cities. (See articles on this page, January 24 and 30).

Once the market bas been penetrated, a range of product developmeot strategies is applied. One is "product line stretching"—broadening it in order to reach a wider segment of the total market. For example, Kotler and Co say Toyota now "seems clearly poised" to enter the top of the car market and begin competing against BMW, Mercedes and Volvo. (There are several variants of this approach, one of whicb is called "two-way stretching.")

A differant approach is "product proliferation"—the introduction of a multiplicity of product types or models at each point in the product line. This not only allows the Japanese company to appeal to a large number of market niches, but also ties up distribution channels and retail stores. "This makes it tougher for U.S. and other producers to gain access to channels and to scarce retaller shelf or floor space." There are countless examples: Sharp and Casio in calculators, Seiko in watches, Canon in cameras, Honda in motorcycles, Toyota and Nissan in cars.

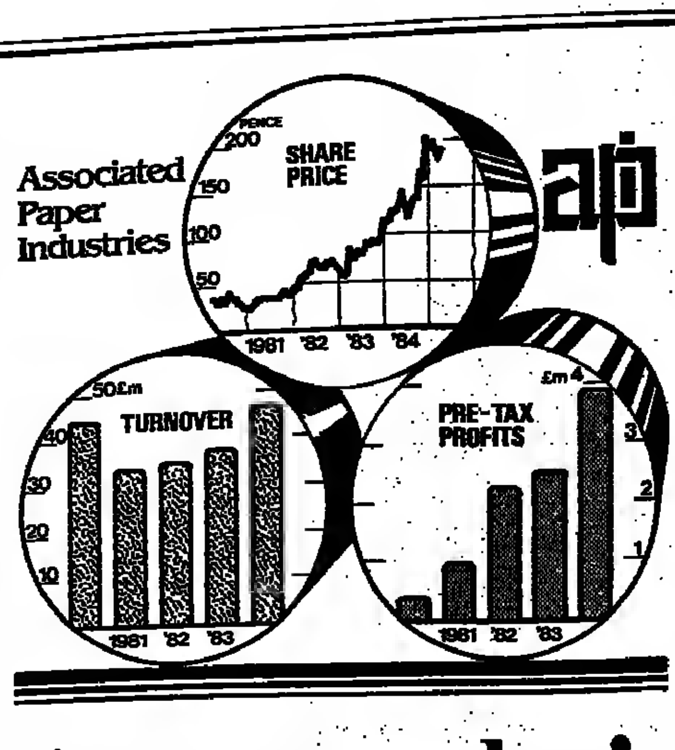
Compared with the Japanese, pricing strategy is bandled poorly by most U.S. companies, the authors complain. Rather than setting prices as an intrinsic element of the whole range of marketing decisions (including product quality, features, service, distribution and so on), they tend to set them independently.

Kotler and Co are particularly critical of the way U.S. companies have priced their products on foreign markets. They say that very often the prices are too "cost-oriented" (cost plus margin), and are aimed merely at achieving profitability rather than long-run market share.

By contrast, in every target country-market the Japanese have entered, they have applied so-called "market-share pricing," deliberately using a low entry price to huild up market share and to establisb a dominant market position. Lower prices not only allow them to promote their products as offering greater value for money, tbey also help them more down the "experience curve" of high factory output—thereby lowering production costs still further.

Pricing is a strategic weapon, in other words—just like everything else in Japanese marketing.

* *By Philip Kotler, Liam Fahey and Somkid Jatusripitak, Prentice-Hall Inc., $25.95 in U.S.; £22.95 in UK.*



A paper-maker's metamorphosis

Tony Jackson explains why Associated Paper Industries bailed out of its core business

ASSOCIATED PAPER INDUSTRIES is one of a select band of survivors from the ranks of the UK paper-making industry. For the best part of twenty years, paper-making in this country has heen fighting for its life.

The prohlem — low cost competition from overseas — is a grimly familiar one. So are the strategies for survival: find a specialised nicbe, or get out. Associated Paper Industries (API) has gone for the second option.

The earlier history of API mirrors that of the psper industry with some accuracy. The group went puhlic in 1922, operating one paper mill in Glasgow and a paper-coating business in Cbeshire. Over the next 35 years the paper-making business boomed, with the number of mills rising from one to seven and output peaking at upwards of 75,000 tons per year. Then, in the mid-1960s, it all went wrong.

So it did for the industry as a whole. It might seem odd that hulk paper-making sbould have grown up in the UK in the first place. The one essential for efficient bulk production—a plentiful supply of cheap timber—is lacking in this country, but until the mid-1960s UK paper-makers were sheltered from competition—Scandinavian in particular — by a high wall of tariffs.

The complete abolition of these tariffs by 1967 had a correspondingly disastrous effect. One look at the hnge integrated mills now running in Sweden and Finland—with mountains of logs going in at one end and neat packets of stationery coming out at the other—dispels any illusion that the UK can now compete in hulk paper production.

"All the same," says John Grabam, API's managing director since 1977, "in the early days the change in the company's attitude was a gradual one. It wasn't until the late 1970s that a conscious decision was taken to diversify out of paper completely."

By that time the group had its new managing director and also a new cbairman (Charles Rawlinson, of merchant bank Morgan Grenfell). It also bad a profits record which it would be charitable to describe as volatile, and only two of its seven paper mills were still in operation—Vale Board Mills in Scotland, and Cooke and Nuttall in Yorkshire. It had also made one small but useful acquisition in an unfamiliar area—the Peerless Gold Leaf Co., a specialist in the slightly recondite husiness of stamping foils.

This specialised market consists of the metallic foil wblcb is stamped onto paper or plastic for anything from gold decoration to the "sell hy" dates on pork pie wrappings. The product is well suited for export, being compact and of high value and has a good record for finding new market applications.

So, in 1978, API decided on a further more ambitious acquisition — a quoted company, George Whiley, which had fallen on had times as the result of a hotched relocation from South East England to Scotland. Whiley was then losing £0.5m a year, but its position in the stamping foils market seemed to justify the risk. Then came the recession.

In 1977, API had struggled to a new profits peak of almost £2m at the pre-tax level. In 1980 came the collapse, with profits slumping to just £352,000. The decision was taken to make the final move ont of paper, with the closure of both the Vale and Cooke and Nuttall mills. "It was late in the day," says John Graham, "but with hindsight, if we hadn't done it the whole group would have gone bust."

That left API with two areas—the lately acquired stamping foil business, and the older establisbed business of paper converting. This involves tha purchase not of polp for paper manufacture, bnt of paper to be made up for other uses.

So, for instance, API's Garnett subsidiary in Yorkshire bas balf the UK market for poster paper used on advertisement hoardings. Another snbsidiary, Leonard Stace of Cbeltenham, has a third of the market for release papers—the peel-off hackings used for sticking plasters, adhesive tape and tha like. H and L Slater of Cheshire makes coated board for gift packs, selling some £5-6m worth of fancy cartons per year to the whisky trade alone, and also prints £2m worth of postage stamps per year for countries overseas.

In the depth of the recession, though, API took the view that this was not enough. For a start, the Whiley acquisition was taking an uncomfortably long time to turn round. It was time to diversify further.

Consultants were called in, and possible areas were explored. "We looked at adhesives, we looked at roofing—you name it," says John Graham, "hot the one area we came up with as baving real potential for market growth was filtration and purification."

This was a business in which API already had a certain involvement througb work being done by its Garnett subsidiary. As an extension of traditional paper-making, Garnett had started making dry-formed webs from artificial fibres which, when filled with activated carbon, were used for air-freshening or for purifying cooking oil for customers like Kentucky Fried Chicken. In a remarkably short time, Garnett's sales in that area had gone from nothing to £200,000 per year.

So in 1982 Garnett's purification business was set up as a aeparate subsidiary. Then, aided by a £2.7m rights issue, API went on the acquisition trail. "We did a year's research," says John Graham, "and came up with about six possibla companies. I wrote to the major sbarebolders of each, asking if I could come and see them. Most weren't interested, hut two were."

In 1983 API acquired in quick succession the Diffusion Radiator Co, which makes air conditioning units, and Airpel, which makes industrial filters and also runs an hydraulic distribution business. Through these two companies API now finds itself in some fairly unfamiliar areas—making fan heaters and metal castings, and dahbling in light engineering generally.

There are risks involved in this. The success of a handful of big conglomerates like Hanson and BTR has in the past seduced smaller companies down the same route, only to end up as a rag-bag of disparate and ill-organised businesses.

So far, though, API seems to be sticking to a clear strategy. The group has its less successful areas: the market for release papers, whose high growth in the 1960s and 1970s attracted a lot of competition, has now run out of steam and suffers from overcapacity, and in coloured coated boards the market is actually in decline.

In fancier gold and silver coated boards, though, API is looking for market growth of 5-10 per cent over the next few years. With the troubles at Whiley finally sorted out, the group is putting a lot of money into stamping foils, with a new factory planned for Peerless and a further acquisition under active consideration.

With pre-tax profits last year at a record £3.9m, API is in confident mood. "We're a lot less cyclical than we were five years ago," says John Graham. "We're at tha top end of onr markets, we're well spread, we've got a lot of exports. There's plenty to go for."

هكذا من الأصل

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Friday March 22 1985

European vegetable oil users pick up bill for the dollar, Page 38

WALL STREET

Early rally runs out of steam

AN ATTEMPT at a rally by Wall Street stocks ran out of steam yesterday, but in the credit markets bond prices rose in the wake of the lower-than-expected flash estimate for first-quarter GNP growth, *writes Michael Morgan in New York.*

Stocks traded only marginally above overnight levels throughout the morning session but turned up at lunchtime. However, the advance could not be sustained, and the Dow Jones industrial average closed just 2.98 higher at 1,268.22, having been more than 9 points ahead at one stage. Trading volume totalled 96m shares, down from the 108m seen the previous day.

In the credit markets, prices of Treasury coupon issues were higher after the Commerce Department's announcement of a 2.1 per cent growth in first-quarter GNP. The $2.1bn fall in the M1 money supply measure, announced late in the day, took many analysts by surprise. A small rise in M1 had been widely expected.

The price of the key long bond, the 11¾ per cent of 2015, rose 23/32 to 96 1/32 in the wake of a federal funds rate that rose to 8¾ per cent from its opening 8 7/16 per cent. Rises of up to 7/32 were seen in prices of Treasury notes.

In the money markets, yields on Treasury bills eased. The three-month bill, yielding 8.44 per cent, was 9 basis points lower, while the six-month bill, yielding 8.85 per cent, was 10 basis points down. Yields on certificates of deposit were mostly lower.

In the stock markets, ITT, at the centre of recent takeover speculation, rose $⅛ to $33⅞. Yesterday brought reports that Mr Irwin Jacobs, chairman of Minstar and a major ITT shareholder, had met senior company officials last week, but that he had not threatened either a takeover or proxy fight.

CBS traded $1⅞ higher at one stage. It denied it had plans for a leveraged buyout. Later, it closed down $⅜ at $105⅛.

Among broadcasters, Capital Cities added $9¾ to $207, ABC $½ to $106¾ and Taft Broadcasting $1¾ to $67½. RCA was unchanged at $42¾.

Lee Enterprises, the Iowa-based newspaper, radio and TV group, traded $1½ higher at $38¼, having risen $2⅝ on Wednesday.

General Motors lost $¾ to $73⅛, despite announcing plans to offer cut-rate financing for some of its small cars. Chrysler picked up $⅜ to $33½, and Ford was also ahead, up $¼ to $42⅞.

GTE, the telecommunications group, fell $1⅜ to $41⅜ in heavy trading after an analyst downgraded the stock.

IBM fell $⅜ to $128¾ with the market still analysing the demise of the PC Jr personal computer. Wang Laboratories, planning to close plants in July to cut inventories, was unchanged $18⅞.

Control Data traded $¼ down at $33⅛. Tandy, the electronics retailer, rose $⅝ to $33 after the purchase of an audio-video appliance chain. Bell Atlantic was unchanged at $84½ following its purchase of Compushop, the Dallas-based computer retail chain.

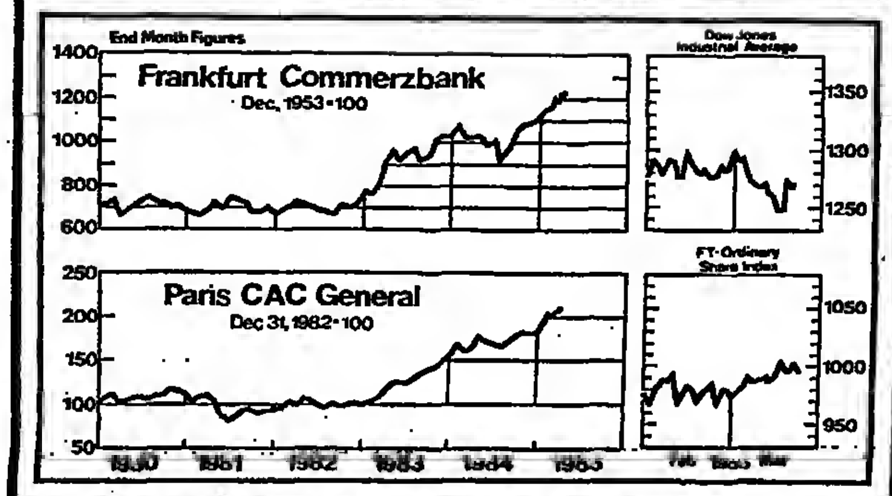
Dow Chemical, planning to buy 2.5m of its own shares, lost $⅛ to $28⅞ while Union Carbide fell $½ to $36⅛ after announcing price increases for some products.

Among aerospace issues, Lockheed, which plans a $5bn investment over the next five years, traded unchanged at $47⅛. McDonnell Douglas was $⅛ up at $78⅝ and Boeing $1⅛ higher $63⅛.

Dresser Industries, the oil drilling equipment and services group, was down $⅜ at $19¾ after its shareholders approved moves to prevent two-tiered takeovers and green mail.

H. H. Robertson, the metal building products group, added $¼ to $39¼ as it went to court to try to stop a group of shareholders, led by the Belzberg family of Canada, acquiring additional common stock or gaining seats on the board.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Mar 21	Previous	Year ago
NEW YORK			
DJ Industrials	1,268.22	1,265.24	1,170.85
DJ Transport	599.09	598.09	515.84
DJ Utilities	149.21	149.21	128.81
S&P Composite	179.35	179.08	158.66
LONDON			
FT Ord	993.1	1,001.9	890.0
FT-SE 100	1,300.7	1,307.2	1,130.7
FT-A All-share	627.81	629.72	526.75
FT-A 500	685.55	688.94	572.43
FT Gold mines	491.2	517.7	676.9
FT-A Long gilt	10.61	10.67	10.10
TOKYO			
Nikkei-Dow	closed	12,541.37	10,413.9
Tokyo SE	closed	1,005.6	816.95
AUSTRALIA			
All Ord.	802.0	802.8	729.6
Metals & Mins.	490.0	490.8	507.8
AUSTRIA			
Credit Aktien	70.7	70.63	55.1
BELGIUM			
Belgian SE	2,308.61	2,305.11	–
CANADA			
Toronto			
Metals & Minls	2,056.32	2,067.2	2,293.0
Composite	2,601.23	2,606.7	2,400.5
Montreal			
Portfolio	129.46	129.96	117.83
DENMARK			
Copenhagen SE	176.62	178.04	187.46
FRANCE			
CAC Gen	206.1	205.5	161.4
Ind. Tendance	112.7	111.9	85.7
WEST GERMANY			
FAZ-Aktien	423.55	419.94	351.39
Commerzbank	1,229.3	1,217.5	1,032.9
HONG KONG			
Hang Seng	1,347.73	1,312.56	1,157.29
ITALY			
Banca Comm.	278.43	276.44	223.13
NETHERLANDS			
ANP-CBS Gen	206.5	205.5	151.4
ANP-CBS Ind	166.0	164.7	131.6
NORWAY			
Oslo SE	312.26	315.93	256.5
SINGAPORE			
Straits Times	827.93	833.32	1,013.62
SOUTH AFRICA			
Golds	987.5	980.1	1,052.9
Industrials	873.5	869.9	1,079.0
SPAIN			
Madrid SE	111.74	111.98	83.03
SWEDEN			
J & P	1,426.85	1,432.87	1,524.0
SWITZERLAND			
Swiss Bank Ind	428.3	427.6	366.3
WORLD	Mar 20	Prev	Year ago
Capital Int'l	200.0	199.5	186.7

GOLD (per ounce)

	Mar 21	Prev
London	$321.00	$322.50
Zürich	$319.00	$323.00
Paris (fixing)	$310.71	$323.79
Luxembourg	$312.00	$333.00
New York (Apr)	$317.50	$324.30

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Mar 21	U.S. DOLLAR Previous	STERLING Mar 21	STERLING Previous
$	–	–	1.188	1.1515
DM	3.2105	3.2555	3.815	3.7475
Yen	254.2	256.1	302.0	294.5
FFr	9.82	9.96	11.68	11.5
SwFr	2.72	2.755	3.225	3.1675
Guilder	3.63	3.6825	4.3075	4.23
Lira	2,047.0	2,072.5	2,433.5	2,382.0
BFr	64.2	65.6	76.35	75.45
C$	1.3685	1.3725	1.625	1.579

INTEREST RATES

	Mar 21	Prev
Euro-currencies (3-month offered rate)		
£	13⅞	13½
SwFr	5¾	5 11/16
DM	6	6⅛
FFr	11 1/16	11 1/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 5/16	9 5/16
6-month U.S.$	9 11/16	9 11/16
U.S. Fed Funds	8 7/16	8 7/16
U.S. 3-month CDs	8.80	8.80
U.S. 3-month T-bills	8.44	8.60

U.S BONDS

Treasury		Mar 21* Price	Mar 21* Yield	Prev Price	Prev Yield
10⅜	1987	100 5/32	10.32	99 23/32	10.86
11⅝	1992	99 14/32	11.732	98 25/32	11.844
11¼	1995	96 22/32	11.783	96 7/32	11.906
11¾	2015	95 27/32	11.752	95 5/32	11.84

Corporate	Mar 21* Price	Mar 21* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	94½	11.80	94½	11.80
3⅞ July 1990	73½	10.55	73⅛	10.55
8⅜ May 2000	74½	12.55	74⅛	12.55
Xerox				
10⅜ March 1993	91⅜	12.30	91⅜	12.30
Diamond Shamrock				
10⅜ May 1993	91¼	12.40	91¼	12.40
Federated Dept Stores				
10⅜ May 2013	94.803	12.60	94.803	12.60
Abbot Lab				
11.80 Feb 2013	93.465	12.65	93.465	12.65
Alcoa				
12¼ Dec 2012	94.01	13.05	94.01	13.05

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	68–21	68–22	68–07	68–13
U.S. Treasury Bills (IMM) $1m points of 100%				
June	90.96	91.02	90.93	90.88
Certificates of Deposit (IMM) $1m points of 100%				
June	90.18	90.28	90.10	90.13
LONDON				
Three-month Eurodollar $1m points of 100%				
June	89.79	89.85	89.65	89.58
20-year Notional Gilt £50,000 32nds of 100%				
June	105–28	105–30	104–30	105–07

COMMODITIES

(London)	Mar 21	Prev
Silver (spot fixing)	528.45p	565.10p
Copper (cash)	£1,172.50	£1,218.50
Coffee (May)	£2,260.50	£2,309.50
Oil (spot Arabian light)	$27.75	$27.75

LONDON

Gilts buoyed by flood of funds

DOMESTIC and overseas funds flooded into the London gilt market yesterday, erasing early losses and diverting support from equities. The FT Ordinary index, which showed only minor slips during the session, tumbled 8.8 to close at 993.1.

The weaker dollar and firmer pound set the scene for gilts, and longs closed ¾ higher in places. Shorts settled 3/16 up as institutional switching brought fresh uneasiness to the index linked sector.

In the stock market, Fortnum & Mason rose £5 to £29½ as Waring & Gillow added 13p to 153p. A.B. Electronic featured again with a 43p rally to 445p.

Allied Irish Banks fell a further 6p to 102p after its insurance difficulties while Jaguar shed 17p to 313p on results and BTR dropped 20p to 690p.

Chief price changes, Page 32; Details, Page 33; Share information service, Pages 34–35

AUSTRALIA

THE RECORD levels reached in Sydney on Wednesday were surrendered yesterday, with a 0.9 fall in the All Ordinaries index to 802.0.

Activity persisted in mining issues while golds featured strongly. Bougainville Copper weakened 2 cents to A$1.96, and CRA, which controls Bougainville, dipped 2 cents to A$5.92.

News Corporation retreated 30 cents to A$13.70 after Mr Rupert Murdoch bought a 50 per cent stake in the holding company that owns Twentieth Century Fox.

Australian National Industries picked up 3 cents to A$2.68 on results and a scrip issue while Monier was steady at A$1.75 on results.

HONG KONG

PROPERTY shares led a strong rally in Hong Kong as the Hang Seng index surged 35.17 to 1,347.73. Buying interest was largely local-based.

Speculation that Hongkong Land or its associate company Jardine Matheson were involved in a significant corporate deal underpinned buying sentiment. HK Land firmed 20 cents to HK$4.80 while Jardine closed 45 cents higher at HK$9.

Cheung Kong was 40 cents up at HK$13.40 while Hongkong & Kowloon Wharf added 10 cents to HK$5.30. SHK Properties rose 25 cents to HK$8.75.

SINGAPORE

SMALL speculative issues were at the focus of market attention in generally dull Singapore trading that took 5.39 off the Straits Times industrial index to 827.93.

Supreme Corp shed a further 3 cents to S$1.75 in heavy trading while industrial group Sime Darby surrendered 7 cents to S$1.96 on high turnover. Singapore Press fell 10 cents to S$8.15, and Far East Livingston lost 8 cents to S$3.10.

Kentucky Fried Chicken continued to weaken with a 54-cent slump to S$3.96, while Jurong Cement dipped 12 cents to S$1.90.

SOUTH AFRICA

THE LATE recovery in the bullion price failed to have much of an impact on Johannesburg gold shares as investors concentrated their minds on foreign exchange markets.

Gains were nevertheless achieved. Buffels closed R1.25 up at R76, a gain of R4.25 this week, while Driefontein firmed 50 cents to R50.75 and Free State Geduld was unchanged at R48.50.

CANADA

AN EASIER bias developed in Toronto, with much of the weakness confined to paper and media issues.

Among the most active were Trilon, up C$2 to C$34¼, Northern Telecom, C$⅜ higher at C$51, and Dome Petroleum, 5 cents ahead at C$2.95.

Trading in Montreal adopted a softer tone.

EUROPE

Dampening gyrations of dollar

THE DOLLAR'S sharp fall against major currencies came too late to affect most European stock markets. Nevertheless the gyrations of the U.S. currency during the past few days continued to dampen activity on several bourses.

A strong start in Frankfurt took the Commerzbank index to a record 1,229.3. The rise of 11.8 shattered the previous high of 1220.3 set on March 18 but did not reflect the late weakness.

Selling set in as professionals took profits and squared positions with the result that most stocks were dragged down from the day's highs and some even recorded losses.

Porsche topped the car makers with a DM 14 gain to DM 1,307 following optimistic forecasts at the group's first public shareholders' meeting. BMW and VW, however, saw their earlier gains almost evaporate, and both finished with a DM 1 rise at DM 392.50 and DM 206, respectively.

Despite a 50.2 per cent rise in pre-tax profits and expectations of a substantial dividend increase, BASF declined 20 pfg to DM 210. Elsewhere, Bayer put on 90 pfg to DM 220.90 and Hoechst 30 pfg to DM 214.80.

After Wednesday's rise to a new peak for the year Deutsche Bank moved ahead again with a jump of DM 5.80 to DM 446.30.

Utility and steel issues did well, but the retail sector recorded a series of declines, with Horten topping the list after a DM 4 fall to DM 170.

The bond market was steady, but trading was more cautious than on Wednesday as dealers kept a close eye on the dollar.

Concern about the dollar's movements also affected trading in Amsterdam.

The ANP-CBS rose 1.0 to 206.5 in a market which had a firm undertone. Royal Dutch acted as a damper overall with an 80-cent fall to Fl 198.50.

In the international sector Philips eased 20 cents to Fl 61.1. KLM also gave up some of the previous day's gain with a 20-cent fall to Fl 61.

In financials both ABN and Aegon continued to progress with a rise of 50 cents to Fl 111.5 and Fl 1.50 to Fl 187.50 respectively.

VNU, the publisher, shed 70 cents to Fl 210.50 following the news that it was boosting its share capital.

State bonds firmed slightly near the close. The average yield on government bonds eased to 7.88 per cent from 7.89 per cent.

Technical buying ahead of the new monthly account helped Paris to record a moderate advance. News that unemployment had fallen slightly last month also helped sentiment.

A sharp increase in net income lifted Lafarge-Coppée by FFr 32 to a new year-high of FFr 458. Essilor recovered much of the previous day's sharp fall with a FFr 40 gain to FFr 3,040. CIT-Alcatel also recorded a hefty increase, of FFr 37, to finish at FFr 1,280.

Pernod Ricard's forecast of lower profits left it FFr 13 down at FFr 682.

Brussels was mixed although some shares recorded significant gains.

Retailer Delhaize, which has major interests in the U.S., jumped BFr 200 to BFr 7,700. Groupe Bruxelles Lambert, however, shed all of the previous day's gain following a rise of more than 50 per cent in profits and the announcement of a capital increase. The shares fell BFr 25 to BFr 2,085.

Blue chips led Milan higher. Industrials and insurers were particularly strong, with Fiat ahead L50 to L2,985 and Generali up L1,120 at L43,300. Toro rose L250 to L14,800.

Zurich lacked any clear trend. Zurich Insurance added another SwFr 300 to SwFr 21,500. Madrid fell sligthly in light trading, and Stockholm also closed lower.

TOKYO

Revival of foreign listings

A RECENT surge of interest among top-ranking foreign companies in listing their shares on the Tokyo Stock Exchange has prompted Japanese securities firms to scramble to become managing underwriters, *writes Shigeo Nishiwaki of Jiji Press.*

Since last summer, foreign companies with sights set on a Tokyo listing have been holding presentations on corporate performances for Japanese institutional investors, probably to gauge the potential popularity of their shares.

The most likely contenders are Walt Disney Productions, McDonald's, American Express, H. J. Heinz, General Electric, General Foods, Minnesota Mining and Manufacturing, Volvo (Sweden), Telefonica (Spain) and Wella (West Germany).

The Tokyo Stock Exchange opened its doors to foreign entities in 1973. By 1977, 17 leading international enterprises had gained listings, but the number decreased to 11 by 1983. Compagnie Française des Pétroles and four other companies backed out partly because of the rigid listing requirements.

Mr Morishima Yamada, executive managing director of Nomura Securities, believes the revival of foreign interest indicates enthusiasm to attract Japanese investors, whose portfolio investments abroad have been rising rapidly. The easing of the Tokyo exchange's notoriously stiff listing requirements was a further encouragement to foreign companies.

Mr Yasuo Kanzaki, managing director of Nikko Securities, said his company aimed to get about 10 foreign companies listed on the exchange by the end of this year. Mr Yamada, of Nomura, on the other hand, said there were plans to list "several foreign companies if circumstances permit."

Foreign stocks listed on the exchange are likely to rise close to 20 from the present 11. Nomura is eager to list British Telecom's shares on the exchange within the year.

Japanese brokers' efforts to attract newcomers have been so strong, however, that one leading U.S. company has switched its choice of intermediary to a public accountant, turning away from local securities houses, and another U.S. company recently postponed its decision to apply for listing.

Boom trading in foreign stocks since last February has surprised the exchange authorities. Volume in February, at 5.3m shares, was larger than 4.97m shares in all of 1983, and it reached a daily record of 3.91m shares on March 12.

A large securities house attributed most of the heavy trading to brokers' efforts to impress foreign companies seeking listings with large market shares.

In any case, with an increasing number of foreign stocks listed on the Tokyo exchange, Japanese investment in foreign stocks seems bound to accelerate.

● Tokyo stock markets were closed yesterday for a national holiday.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23⅛	18⅛	AAR	.48	2.6	14	223	19	18½	18⅛	−½
22	9⅜	AGS			11	45	14⅝	14¼	14¼	−⅞
18⅛	11	AMCA				4	11	11	11	−⅛
17⅞	13¼	AMF	.50	3.0	37	218	18⅞	16⅝	16¾	−⅛
43¼	24¼	AMR			8	2887	40⅛	39⅝	39⅞	+¼
20⅜	18⅝	AMR	pf2.18	11.		6852	20⅜	20⅛	20¼	+⅛
23	16	ANR	pf2.12	11.		1	19¼	19¼	19¼	−¼
14¼	8½	APL			3	5	10½	10½	10½	+¼
67¼	44⅜	ASA	2	3.9		1105	52¾	51½	51⅝	−¾
27	16	AVX	.32	1.8	11	576	17⅞	17¼	17¾	−⅛
52⅜	38¾	AbtLab	1.40	2.7	15	3420	52¼	51⅛	51⅛	−⅞
25⅞	16½	AccoWds	.44	1.9	18	242	23¼	23	23¼	
22½	12½	AcmeC	.40	2.8		49	14⅝	14⅛	14⅛	−⅛
10¾	6¼	AcmeE	.32b	3.3	12	8	9¾	9⅝	9¾	+¼
17⅜	15	AdaEx	2.11e	13.		53	16⅝	16⅜	16⅝	
20	11⅞	AdmMl	.32	1.0	7	98	17½	16¾	17½	+⅝
10½	8⅝	AdvSys	.81t	7.3	18	77	11¼	10⅞	11⅛	+⅛
41⅛	25½	AMD			13	4219	32⅝	31⅝	31⅝	−⅝
12¾	8⅞	Advest	.12	1.2		128	10⅛	9⅞	9⅞	−⅛
14⅝	8¾	Aerflex			12	36	12½	12¼	12½	+⅛
42⅝	27¼	AetnLf	2.64	6.5	39	1885	40½	39⅞	40⅝	+½
58¾	52⅜	AetL	pf5.83e	11.		43	54¾	54⅝	54¾	+⅜
32⅛	15¾	Ahmns	1.20	3.8	18	2959	31¼	30¼	30⅞	+⅝
4½	2½	Aileen			20	49	2¾	2⅝	2⅝	+⅛
51	38⅝	AirPrd	1.20	2.5	11	1030	49½	48½	48⅝	
24⅜	13	AirbFrt	.80	2.8	11	35	21⅜	21⅛	21¼	−¼
2	1	AlMoa	s		23	104	1⅝	1½	1⅝	
32	26¾	AlaP	pfA3.92	13.		7	30¼	30¼	30¼	−¼
7½	6	AlaP	dpf.87	12.		14	7⅛	7	7⅛	−⅛
102	85¼	AlaP	pf 11	11.		z500	99	98	99	−⅛
79⅛	63½	AlaP	pf 9.44	12.		z300	75	73¾	75	−1¾
68⅛	57	AlaP	pf 8.16	13.		z410	65	65	65	−¼
68	50	AlaP	pf 8.28	13.		z30	66	65	66	
13⅜	11	Alagsc	s .92	7.2	11	13	12¾	12⅝	12¾	+⅛
19¾	9¼	AlskAir	.14	.7	8	298	19⅜	19⅛	19¼	+⅛
16¼	10½	Alberto	s .38	2.9	17	15	13¼	13	13¼	+⅝
31¾	22½	Albtsns	.76	2.5	12	362	30¼	30	30⅛	+¼
[illegible]										

Continued on Page 31

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued on Page 32

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 30

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
		X Y Z								
46¼	33¼	Xerox	3	6.9	17	2115	43⅝	42⅝	43⅝	+⅛
51⅝	45¼	Xerox	pf5.45	11.		7	48¼	48	48¼	+¼
30	24	ZaleCp	1.32	4.8	0	52	27¾	27½	27¾	−¼
23⅛	16¼	ZalepfA	.80	3.7		1	21¾	27¾	21¾	−1⅛
24⅞	13⅜	Zapata	.54	6.2	18	305	13¾	13½	13⅝	−⅛
56	30	Zayre	.40b	.7	14	684	55½	55	55¼	
31¼	16⅛	ZenithE			7	604	21¼	20¾	21¼	+½
21⅞	14⅜	Zero	s		16	40	19¾	18½	19⅝	−¼
31⅝	21⅛	Zurnln	1.32	4.7	10	234	27⅞	27½	27⅞	+¾

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Mar. 21	Price Sch%	+ or —
Creditanstalt	242	+1
Goesse	425	+15
Interuorfal.I	485	+5
Laenderbank	242	+1
Penmooser	695	.....
Steyr-Daimler	164	.....
Valtscher Mag	381	-4

BELGIUM/LUXEMBOURG

March 21	Price Frs.	+ or —
B.B.L.	1,880	+5
Banq. Int. A. Lux	5,150	-50
Bekaert B	5,230	+10
Ciment CBR	2,520	-5
Cockerill	282	.....
Delhaize	7,700	+200
EBES	9,050	+25
Electrobel	8,650	+10
Fabrique Nat	9,190	.....
GB Inno BM	3,380	-10
GBL (Brux)	2,085	-25
Gevaert	4,185	-15
Hoboken	6,870	+40
Intercom	2,280	+5
Kredietbank	8,640	-10
Pan Hldgs.	11,530	.....
Petrofina	6,900	-50
Royale Belge	11,200	-530
Soc. Gen. Banq	5,475	+25
Soc. Gen. Belge	2,065	-95
Sofina	7,710	-40
Solvay	4,460	+50
Stanwick Intl.	1,650	.....
Tractionel	4,510	+10
UCB	5,390	30
Wagon Lits	9,700	-30

DENMARK

Mar. 21	Price Kr.	+ or —
Andelsbanken	286	-9
Baltia Skand	630	.....
CopHandelsbank	679	-7
D. Sukkerfab	540	-5
Danske Bank	269	-5
De Danske Luft	1,245	.....
East Asiatic	168	+9
Forenede Brygg.	900	.....
Forenede Damp.	105	.....
GNT Hldg	420	6
I.S.S.B.	405	+2
Jyske Bank	540	.....
Novo Ind	1,585	.....
Privatbanken	230	5
Provinsbanken	511	-1
Smidth (F)	220	-9
Sophus Berend	1,010	-5
Superfos	470	-1

FRANCE

March 21	Price Frs.	+ or —
Emprunt 4½ 1973	1665	30
Emprunt 7% 1973	7,660	.....
Accor	279	+1
Air Liquid	690	.....
BIC	656	+9
Bongrain	1,880	6
Bouygues	623	+21
BSN Gervais	2,355	-26
CIT-Alcatel	1,280	+57
Carrefour	1,957	8
Club Mediter'n	1,174	4
Cie Bancaire	588	-2
Cofimeg	275.5	+1
Damart	2,192	.....
Darty	1,251	+91
Dumex S.A.	586	-4
Eaux (Cie Gen)	569	-14
Elf-Aquitaine	238	+1.8
Essilor	3,040	+40
Gen. Occidentale	733	1
Imetal	100.5	+0.5
Lafarge Coppee	458	+32
L'Oreal	9,342	+29
Legrand	2,113	-42
Maisons Phenix	238.8	+3.9
Matra S.A.	1,640	+15
Michelin B	949	+19
Midi (Cie)	2,190	27
Moet-Hennessy	1,940	+20
Moulinex	108.5	.....
Nord Est	80.6	+0.6
Pernod Ricard	682	-13
Perrier	520	+3
Petroles Fra.	265	-1.4
Peugeot S.A.	286.5	+1.5
Printempt Aus	222	+4
Radiotech	262.5	2.5
Redoute	1,280	+5
Roussel-Uclaf	1,650	15
Sefimeg	524	+0.8
Skis Rossignol	1,930	.....
Telemech Elect	2,505	-20
Thomson CSF	529	-1
Valeo	226.1	-3.9

GERMANY

Mar. 21	Price Dm.	+ or —
AEG-Telef	112.5	+1.8
Allianz Vers	1068xr	+2
BASF	210	-0.2
Bayer	220.9	+0.9
Bayer-Hypo	342	+7
Bayer-Verein	385	-1
BHF-Bank	271	+1
BMW	302.5	+1
Brown Boveri	216	+1
Commerzbank	170.5	-0.8
Cont'l. Gummi	140.5	-1
Daimler-Benz	695.5	-1.5
Degussa	354	+4
D'sche Babcock	167	+3
Deutsche Bank	448.3	+5.8
Dresdner Bank	184xr	+0.7
GHH	158.6	+3
Hochtief	474	.....
Hoechst	214.8	+0.3
Hoesch Werke	115.5	+1.7
Holzmann (P)	385	-2
Horten	170	-4
Hussel	290.5	-1.5
Karstadt	212.5	-1.7
Kaufhof	293	-1
KHD	260.5xr	-2.5
Kloeckner	75.1	+0.1
Linde	416	-2.5
Lufthansa	198.5	.....
MAN	155	+2
Mannesmann	168.5	+0.7
Mercedes Hld.	606.2	+1.9
Metallgesel	272	-2
Muench Rueck	1180	+15
Nixdorf	555	+5.5
Porsche	1507	+14
Preussag	282	.....
Rhein West Elect	155.5	+2.5
Rosenthal	249	-7
Schering	455.2	+2.2
Siemens	556.8	+6.8
Thyssen	104.4	+1.2
Varta	197.8	+2.8
Veba	185.5	+0.7
V.E.W.	193.2	+1.2
Verein-West	516	+1
Volkswagen	205	+1

ITALY

Mar. 21	Price Lira	+ or —
Banco Com'le	17,610	+910
Bastogi-IRBS	225	-4.7
B.I-invest	9,470	.....
Centrale	6,689	-55
Credito Varesino	4,170	-28
Fiat	8,985	+50
Finsider	52.6	.....
Generali Assicur.	43,300	+1120
Italcementi	84,600	.....
La Rinascente	668.5	-0.5
Montedison	1,473	+15
Olivetti	6,849	-1
Pirelli Co	4,307	-15
Pirelli Spa	2,186	+2
Snia BPD	2,893	+3
Toro Assic.	14,800	+950
do. Pref	11,010	+59

NETHERLANDS

Mar. 21	Price Fls	+ or —
ACF Holding	195.5	+0.5
AEGON	187.5	+1.5
Ahold	224.6	-0.5
AKZO	111.5	+0.5
ABN	405	+0.5
AMEV	217.5	-1.5
AMRO	75.6	-0.5
Bredero Cert	154	+2.5
Bos Kalis Westm.	19.9	+1.5
Buehrmann-Tet.	98.2	-0.5
Calland Hldgs.	36.2	.....
Dordtsche Pet'm	177	-2
Elsevier NDU	115.5	+1.9
Fokker	104.2	-0.6
Gist Brocades	185	+2
Heineken	160	-0.4
Hoogovens	60.3	-1.2
Int Mueller	51.9	+0.4
KLM	81	-0.2
Naarden	48	-0.3
Nat Ned Cert	262.4	-0.6
Ned M'd Bank	174	+1
Nedlloyd	176	+1
Oce Grinten	313.6	+2.6
Ommeren (Van)	30.1	.....
Pakhoed	68.9	+0.6
Philips	61.1	-0.9
Robeco	75.9	-0.1
Rodamco	139.4	+0.4
Rolinco	68.9	+0.4
Rorento	45.9	.....
Royal Dutch	198.6	-0.8
Unilever	348	-1
VMF Stork	348.3	.....
VNU	210.5	+0.7
West Utr Bank	103.5	.....

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Mar. 21	Price Kroner	+ or —
Bergens Bank	144	-1
Borregaard	664	-6
Christiania Bank	143.5	.....
DenNorske Cred	147	.....
Elkem	144	-3.5
Kvaerner	172.5	-7.5
Norsk Data	402.5	-2.5
Norsk Hydro	103.5	-1
Storebrand	248	+1

SPAIN

Mar. 21	Price Pta%	+ or —
Bco Bilbao	340	.....
Bco Central	313	.....
Bco Exterior	205	.....
Bco Hispano	158	.....
Bco Popular	386	+5
Bco Santander	552	+1
Dragados	177	.....
Hidrola	86.7	-0.6
Iberduero	99	-0.5
Petroleos	161.7	-1.5
Telefonica	125.5	-0.7

SWEDEN

Mar. 21	Price Kronor	+ or —
AGA	390	.....
Alfa-Laval	190	-1
ASEA (Free)	520	-10
Astra (Free)	560	-10
Atlas Copco	109	+1
Cardo (Free)	266	+1
Cellulosa	180	-1
Electrolux B	229	-1
Ericsson	278	-2
Esselte	669	+4
Mo och Domsjo	263	-2
Pharmacia	208	-3
Saab Scania Free	430	.....
Sandvik	400	-10
Skandia	615	-1
Skan Enskilda	61.5	-0.6
SKF	219	-2
St Kopparberg	156	-5
Sven Handelsbn.	169	-1
Swedish Match	224	-9
Volvo B (Free)	290	-9

SWITZERLAND

Mar. 21	Price Frs.	+ or —
Alusuisse	995	-5
Bank Leu	5,566	-10
Brown Boveri	1,645	+5
Ciba Geigy	8,960	+30
do. (Part Certs)	2,470	+50
Credit Suisse	2,440	-5
Elektrowatt	2,865	+6
Fischer (Geo.)	762	-8
Hoff-Roche PtCts	89,500	-125
Hoff-Roche 1/10	8,260	-26
Jacobs Suchard	6,440	-20
Jelmoli	2,010	+10
Landis & Gyr	1,720	-10
Nestle	6,520	-10
Oer-Buehrle	1,495	.....
Pirelli	300	-1
Sandoz (Br)	8,075	-25
Sandoz (PtCts)	1,370	+19
Schindler (PtCts)	796	-5
Sika	1,100	.....
Surveillance	4,295	-30
Swissair	1,160	+6
Swiss Bank	577	+3
Swiss Reinsce	9,700	+50
Swiss Volksbk	1,485	.....
Union Bank	5,690	+10
Winterthur	6,700	-25
Zurich Ins	21,150	+500

AUSTRALIA

Mar. 21	Price Aust $	+ or —
ANZ Group	4.34	+0.01
Alliance Oil Dev.	1.10	.....
Ampol Pet	1.89	.....
Ashton	0.20	+0.01
Aust. Cons. Ind.	1.88	-0.02
Aust. Guarantee	2.35	-0.02
Aust. Nat. Inds	2.49	+0.08
Aust. Paper	2.48	-0.02
Bell Group	6.7	-0.04
Bell Res	6.4	.....
Bond Corp Hldgs	1.55	+0.02
Boral	3.26	-0.02
Bougainville	1.98	-0.02
Brambles Inds	3.78	+0.02
Bridge Oil	2.25	+0.05
B.H. Prop	8.76	-0.04
CRA	6.9	-0.02
CSR	2.75	.....
Castlemaine Tys.	4.82	-0.05
Coles (G.J.)	3.7	.....
Comalco "A"	2.55	.....
Consolidated Pet	0.44	-0.01
Costain Aust	1.60	.....
Dunlop Olympic	2.1	.....
Elders IXL	3.15	+0.08
Energ Res	1.4	+0.02

AUSTRALIA (continued)

Mar. 21	Price Aust. $	+ or —
Gen. Prop. Trust	2.1	-0.03
Hardie (James)	6.06	+0.01
Hartogen Energy	2.3	+0.03
Herald W'yTimes	3.95	.....
ICI Aust	1.9	+0.01
Jimberlana F.P.	0.95	.....
Kia Ora Gold	0.14	.....
Lend Lease	5.86	+0.06
MIM	2.75	-0.02
Mayne Nickless	3.22	+0.02
Myer Emporium	1.76	-0.04
Nat. Aust. Bank	5.38	-0.02
News	13.7	-0.5
Nicholas Kiwi	2.0	.....
North Bkn Hill	2.31	-0.02
Oakbridge	0.79	+0.01
Pancont'l	1.35	-0.03
Poineer Conc	1.8	-0.02
Poseidon	3.2	-0.05
Queensland Coal	1.41	.....
Reckitt & Coln	6.4	.....
Repco	1.25	+0.03
Santos	5.9	+0.08
Smith (Howard)	6.95	-0.05
Thos. Natwide	1.83	-0.03
Tooth	9.8	-0.04
Vamgas	3.45	+0.05
Western Mining	5.75	.....
Westpac Bank	3.55	.....
Woodside Petrol	0.98	+0.03
Woolworths	3.21	+0.01
Wormald Intl	3.72	-0.08

HONG KONG

Mar. 21	Price H.K.$	+ or —
Bank East Asia	21.4	.....
Cheung Kong	15.4	+0.04
China Light	15.9	+0.4
Evergo	1.15	+0.03
Hang Seng Bank	46.75	+4.25
HK Electric	7.25	+0.2
HK Kowloon Wh.	6.5	+0.1
HK Land	4.8	+0.2
HK Shanghai Bk.	8.46	+0.15
HK Telephone	69.0	+5
Hutchinson Wpa	19.9	+0.8
Jardine Math	9.0	+0.45
New World Dev.	6.1	+0.4
Orient O'seas	2.55	.....
Oseas Trust Bk	5.52	.....
SHK Props.	8.76	+0.25
Shell Elect.	1.6	-0.02
Swire Pac A	21.6	+0.9
TV-9	5.95	+0.15
Wheel'k Mard A.	7.15	.....
Wheel'k M'time.	1.10	.....
World Int. Hldns.	1.77	-0.07

JAPAN

Mar. 20	Price Yen	+ or —
Ajinomoto	1,160	+20
Alps Electric	2,900	+10
Amada	1,950	.....
Asahi Chem	926	-4
Asahi Glass	900	+5
Bridgestone	512	+1
Canon	1,480	+20
Casio Comp.	1,800	+10
Chugai Pharm.	1,040	-10
Citizen	546	-6
Daiei	615	-4
Dai Nippon Ptg	1,050	+10
Daiwa House	675	+15
Ebara	413	-2
Eisai	1,870	-20
Fanuc	13,350	-50
Fuji Bank	1,680	.....
Fuji Film	1,850	+20
Fujisawa	1,060	-40
Fujitsu	1,530	.....
Green Cross	2,950	-50
Hasegawa	367	.....
Heiwa Real Est.	665	+55
Hitachi	863	+5
Hitachi Credit	1,140	+40
Honda	1,440	-90
House Food	685	-3
Hoya	2,990	+20
Itoh (C)	341	+7
Ito. Yokado	2,460	+10
Iwatsu	1,080	+20
JACCS	552	+9
JAL	5,790	-110
Jusco	679	-1
Kajima	270	-6
Kao Soap	855	.....
Kashiyama	590	-9
Kirin	565	.....
Kokuyo	885	.....
Komatsu	466	+8
Konishiroku	675	+9
Kubota	324	.....
Kumagai	610	+30
Kyoto Ceramic	6,170	+20
Maeda Const.	495	+10
Makino Milling	1,400	+50
Makita	1,090	-20
Marubeni	310	+8
Marudai	651	-1
Marui	964	-1
MEI	1,610	+10
M'ta Elec Works	810	+10
M'bishi Bank	1,580	+10
M'bishi	520	+5
M.bishi Elect	400	+4
M'b shi Estate	610	+22

JAPAN (continued)

Mar. 20	Price Yen	+ or —
MHI	273	+3
Mitsui	339	+12
Mitsui Estate	575	+15
Mitsukoshi	421	+9
NGK Insulators	1,040	+60
Nihon Cement	225	.....
Nippon Denso	1,470	+3
Nippon Elect	1,160	+10
Nippon Express	360	+4
Nippon Gakki	2,150	.....
Nippon Kokan	137	+1
Nippon Oil	866	+28
Nippon Seiko	668	+9
Nippon Shimpan	562	-13
Nippon Steel	155	+3
Nippon Suisan	334	+4
NTV	11,600	.....
Nippon Yusen	245	+4
Nissan Motor	641	+1
Nisshin Flour	455	-5
Nisshin Steel	175	+2
Nomura	1,260	-20
Olympus	1,260	+10
Orient Leasing	3,000	-50
Pioneer	2,950	-10
Renown	650	+6
Ricoh	925	+5
Sankyo	1,200	.....
Sanyo Elect	482	-8
Sapporo	406	-5
Sekisui Prefab	587	+17
Seven Eleven	8,680	+140
Sharp	1,050	-10
Shimadzu	815	+4
Shionogi	720	+11
Shiseido	1,060	-10
Sony	4,680	-20
Stanley	1,010	-30
S'tomo Bank	1,790	-10
S'tomo Elect	920	+9
S'tomo Marine	562	-22
S'tomo Metal	156	+2
Taihei Dengyo	500	+1
Taisei Corp	304	-1
Taisho Pharm	1,080	+10
Takeda	825	+4
TDK	6,080	-50
Teijin	434	+1
Teikoku	660	+10
Tokyo Marine	895	-8
TBS	770	-10
Tokyo Elect Pwr	1,680	+110
Tokyo Gas	171	+10
Tokyo Sanyo	727	+8
Tokyo Style	706	-8
Tokyu Corp	597	+12
Toppan Print	860	+2
Toray	445	-4
Toshiba Elect	410	.....
TOTO	678	+28
Toyo Seikan	880	-7
Toyota Motor	1,350	-10
Victor	2,510	+90
Wacoal	710	-11
Yamaha	801	-4
Yamanouchi	3,890	+90
Yamazaki	610	-15
Yasuda Fire	468	-12
Yokogawa Bdge.	418	+5

SINGAPORE

Mar. 21	Price $	+ or —
Boustead Hldgs.	1.68	-0.04
Cold Storage	2.67	+0.02
DBS	6.25	.....
Genting	5.7	.....
Haw Par. Bros.	9.36	-0.02
Hong Leong Fin.	3.02	+0.02
Inchcape Bhd.	2.43	+0.03
Keppel Shipyard	1.74	+0.01
Malay Banking	6.05	-0.1
Malay Utd. Ind.	2.45	.....
Multi Purpose	0.97	.....
OCBC	2.4	-0.05
OUB	3.8	.....
Public Bank	1.62	-3.92
Sime Darby	1.26	-0.07
Singapore Press	6.16	-0.1
Straits Trdg.	4.44	-0.02
Tat Lee Bk	2.79	+0.01
UOB	4.6	+0.02

SOUTH AFRICA

Mar. 21	Price Rand	+ or —
Abercom	1.27	.....
AE&CI	7.1	+0.1
Allied Tech	48	.....
Anglo Am Coal	42.25	-1
Anglo Am Corp	23	-0.1
Anglo Am Gold	185	-4
Barclays Bank	14.5	.....
Barlow Rand	10	-0.25
Buffels	76	+1.25
CNA Gallo	2.3	.....
Currie Finance	3.5	+0.05
De Beers	2.47	+0.22
Driefontein	50.75	+0.5
FS Geduld	48.5	.....
Gold Fields SA	30	.....
Highveld Steel	3.95	-0.05
Hedbank	9.6	-0.1
OK Bazaars	15.25	+0.25
Protea Hldgs.	1.3	.....
Rembrandt	33.5	-0.5
Rust Plat	16.4	+0.5
Salren	13.5	.....
Sage Hldgs.	6.75	+0.55
SA Brews	8.3	+0.1
Smith (AG)	20.7	.....
Tongaat Hulett	6	.....
Unisec	4.7	.....

CANADA

TORONTO

Closing prices March 21

Sales | Stock | High | Low | Close | Chng

[illegible]

MONTREAL

Closing prices March 21

[illegible]

Total Sales 1,686,078 shares

AMERICAN STOCK EXCHANGE CLOSING PRICES

12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close | Ch'ge Prev. Close

Continued from Page 31

[illegible]

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock | Sales (Hnds) | High | Low | Last | Chng

[illegible]

Continued on Page 40

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Tr 15¼ % 1996	£128¼	+ £¾
A.B. Elect	445	+ 43
Babcock	152	+ 7
Billam (J.)	103	+ 18
Church	630	+100
Clif Dairies	127	+ 8
Comm Union	205	+ 7
Fort & Mason	£29½	+ £5
Gerr & Natl.	380	+ 15
Park Place Invs.	155	+ 11
Pavilion Leis	35	+ 10
Rowntree Mack	408	+ 15
Roy Bk. of Scot	294	+ 8
Shaw Carpets	43	+ 7
Smiths Inds.	209	+ 12
Sun Life	827	+ 31
Trinity Intl.	277	+ 11
Waring & Gillow	153	+ 13

FALLS

Tr 2½ % I.L. 2009	£100¾	— £¾
Allied Ir Bks	102	— 6
Anglo Am Gold	£73½	— £5½
BAT Inds.	341	— 12
BTR	690	— 20
Distillers	290	— 7
Gent (S.R.)	128	— 8
ICI	767	— 8
Jaguar	313	— 17
Messina	90	— 13
Redland	292	— 7
V.W. Thermax	63	— 7

LONDON STOCK EXCHANGE

MARKET REPORT

Gilts retain their appeal as sterling rises strongly but equities move lower late

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar 11	Mar 21	Mar 22	Apr 1
Mar 25	Apr 11	Apr 12	Apr 22
Apr 15	Apr 25	Apr 26	May 7

* "New-time" dealings may take place from 8.30 am two business days earlier.

Government bonds continued to have most appeal to London stock market investors yesterday. Domestic and overseas funds poured into the sector, enabling prices to regain small opening losses and close with further widespread gains. Afternoon trade was particularly active following the latest attack on the dollar.

The U.S. currency weakened further on news of a startling "flash" estimate of first-quarter GNP. The figure of 2.1 per cent was way outside forecasts ranging from 3½ to 5½ per cent and compared with a revised 4.3 per cent for the final quarter of 1984. Sterling immediately surged higher and touched a high of $1.1920 before settling at $1.1880, up 3½ cents on the day.

As the cash flowing into sterling was invested, longer gilt-edged maturities strengthened noticeably adn some closed ¾ higher. Medium-life stocks benefited too but the shorts were restrained by acute liquidity shortages in UK money markets which, in turn, exerted upward pressure on short-term interest rates. Final rises among short-dated Gilts ranged to only $\frac{1}{16}$. Institutional portfolio switching brought fresh easiness to index-linked issues, although falls were considerably smaller than Wednesday's. The sector's attractions have diminished since the Budget and the Chancellor's view of UK inflation prospects.

The Building Societies' recommendation of a 1 per cent increase in the mortgage rate was broadly in line with expectations. Gilt-edged stocks took the news in their stride but leading shares, which had struggled to hold overnight levels, for most of official dealings, turned easier late. U.S.-related blue chips led the downturn as prospects of American support faded with the falling dollar. Finally the FT Ordinary share index was 8.8 down at 993.1, after having shown only minor falls at all earlier counts.

Interest generally was inhibited by the approaching end to the current trading Account. "New-time" inquiries for the three-week Easter trading period, which starts on Monday, were also infrequent. Trading statements brought forth fewer features than recently but situation issues provided many good secondary highlights

RBS at new peak

A lively trade developed again in Royal Bank of Scotland which ended an eventful session a further 8 up at a 1984-85 peak of 294p; the rise was accompanied by rumours that either Citibank of the U.S. or Hongkong and Shanghai was building up a stake prior to launching a bid. Bank of Scotland firmed 10 to 485p in sympathy. Discount Houses were featured by Gerrard and National, 15 better at 360p, behind a Press suggestion that a 400p per share bid for the company was imminent. Allied Irish, still affected by the Irish Government's rescue of its Insurance Corporation of Ireland subsidiary, lost 6 more for a decline of 30 on the week at 102p; Bank of Ireland declined 8 in sympathy to 230p.

A resurgence of speculative buying on revived bid hopes helped Commercial Union touch 209p at one stage before closing 7 better at 205p; the shares have advanced from around 160p since announcing a £72.8m annual loss a couple of weeks ago. Other Composites also made good progress. GRE added 12 at 697p as did Sun Alliance, at 460p. Royals rose 15 to 618p and General Accident put on 9 to 597p. Life issues, still relieved at escaping pension tax legislation, were confident awaiting next week's batch of trading statements. Sun Life featured with a gain of 31 to 827p, while Equity and Law, annual results scheduled for next Tuesday, put on 4 to 260p. Prudential firmed 10 to 590p ahead of Wednesday's figures.

Antiques dealer William Bedford were actively traded in first-time dealings in the Unlisted Securities Market; the shares, oversubscribed nearly 15 times, opened at 205p and moved between extremes of 222p and 183p before settling at 190p compared with the striking price of 185p.

Distillers remained depressed by Wood Mackenzie's bearish circular and dipped 7 for a two-day decline of 15 at 290p. Sellers predominated in cider makers H. P. Bulmer, 10 cheaper at 130p. With the exception of Whitbread "A," 3 up at 195p,

Road building contractors came under selling pressure following reports in a trade journal that the Department of Transport may cut the amount of money it will spend on new contracts in 1985-86. Recently-firm Tarmac lost 8 to 508p and Redland gave up 7 to 292p. Alfred McAlpine were also hit and shed 8 to 252p, while John Mowlem slipped 4 to 204p. Housebuilders remained dull in the wake of confirmation by the Building Societies Association of a 1 per cent increase in Mortgage Rate. Barratt Developments, which revealed dismal half-year results on Tuesday, drifted back to 68p prior to closing a couple of pence cheaper at 70p. George Wimpey lost the same amount to 102p. Tay Homes shed 3 to 50p, after a 1984-85 low of 48p, following disappointing interim figures.

ICI edged up to 784p initially, but later reacted on currency influences to close a net 8 off at 767p.

Waring & Gillow good

Special situations provided a number of noteworthy features among second-line Stores. Waring and Gillow spurted 13 to 153p in a lively two-way business amid fresh rumours of a stake changing hands. Church advanced 100 to 630p, after 640p, following bumper preliminary results and proposed 100 per cent scrip issue. Speculative demand in an extremely narrow market lifted Fortnum and Mason 5 points to £29½. Cecil Gee hardened 5 to 180p in front of next Wednesday's annual figures. In contrast, S. R. Gent gave up 8 for a two-day fall of 12 at 128p on further consideration of the disappointing interim figures; a number of brokers have sharply downgraded forecasts for the current year. Leading Retailers rarely strayed from overnight levels, although Woolworth remained volatile and moved between extremes of 694p and 677p before closing 10 dearer on balance at 690p.

British Telecom's third-quarter pre-tax profit figure of £1.1bn was much in line with expectations and the shares fluctuated between 132p and 135p before closing unaltered on balance at 134p. BICC softened a couple of pence to 245p after comment on the preliminary figures, while Plessey, at 196p, lost 4 of the previous day's rise of 6. Among secondary Electricals, AB Electronics jumped 43 to 445p, after 450p, in belated response to news of the contract to supply IBM UK with planar boards for PC computers.

Vickers were briskly traded again and settled a penny easier at 266p amid expectations of a statement regarding the sale of its Millbank headquarters. Other leading Engineers were inclined easier. Delta, a good market of late, became nervous at 131p, down 4, on talk that a rights issue could accompany next Tuesday's preliminary statement. IMI, due to report annual results on the same day, drifted off to close 3 lower at 111p. Buying in anticipation of Wednesday's trading statement left Babcock 7 dearer at 152p, but Bronx fell 3 to 15½p on disappointing annual results. Bid hopes prompted an improvement of 1½ to 52p in Weir Group, while Weeks Associates firmed a penny more to 17p on the cash injection by Fieldmarch.

The Food sector's two major confectionery groups displayed contrasting movements. Cadbury Schweppes opened steady at 164p following a sizeable turn over on Wall Street overnight, but fell away on currency influences to close 4 lower at 160p. On the other hand, Rowntree Mackintosh revived strongly on rumours of a bid from Swiss group Suchard and touched 418p prior to closing a net 15 up at 408p. Elsewhere, Associated Dairies firmed 4 to 162p, after 164p, on talk of a broker's recommendation. Cliffords Dairies ordinary rose 13 to 155p and the A gained 8 to 127p in reply to the good annual results.

BTR ease afresh

Renewed selling of international stocks following fresh weakness in the dollar left BTR 20 lower at 690p and Glaxo ½ cheaper at £11½. Falls among other leading miscellaneous industrials were limited to a penny or so, but Reed International, a particularly good market of late, fell 14 to 576p on occasional offerings and lack of support. Elsewhere, Smiths Industries met with a flurry of buying activity ahead of the interim figures, due next month, and closed 12 to the good at 209p. Persistent speculative demand lifted J. Bittam 18 to 103p, while Blue Arrow came to life with a gain of 10 to 165p. Sale Tilney, still reflecting the recent bumper results, edged up 8 more to 542p, but VW Thermax remained overshadowed by the poor preliminary results and fell 7 more to 63p. Christies International, bought recently on its overseas earnings potential and bid hopes, encountered further profit-taking and touched 598p before rallying smartly to close only a couple of pence cheaper on balance at 610p.

Casino group Pleasurama, up 10 more at 458p, continued to respond to the excellent annual results and 100 per cent scrip issue proposal. Aspinall Holdings firmed 4 to 132p in sympathy. Among other Leisure Issues, Pavilion Leisure jumped 10 to 35p on speculative buying in a restricted market. Dealings in Management Agency and Music were suspended at a 1984-85 peak of 162p; the group is in discussions with Chrysalis Group which may lead to a merger.

Jaguar slumped 17 to 313p for a fall of 50 so far this week after revealing preliminary profits at the lower end of market estimates.

Trinity International, formerly Liverpool Daily Post, improved 11 to 277p following the annual results. Other Publishers lost ground, however, with Associated Newspapers 20 lower at 830p.

Activity in the Property sector tailed off and the leaders settled a shade easier in the absence of interest. Elsewhere Rosehaugh remained a firm market and rose 10 more to 980p.

Wednesday's impressive preliminary figures from Hugh Mackay directed attention to other carpets concerns. Shaw highlighted with a gain of 7 to 43p, while Carpets International, annual results scheduled for next Wednesday, rose 3 to 47p. Elsewhere in Textiles, Munton Bros dipped to 17p before closing a net 2 off at 19p following the eight-month deficit.

Bats continued to react to currency influences and dipped 12 more to 341p, after 338p; the preliminary figures are expected next Wednesday.

In Financials, Park Place Investments advanced 11 to 155p, after 160p following the interim figures, but Plan Invest eased 4 to 66p, the increased full-year profits being well discounted.

Britoil gain ground

Leading oils moved in a narrow range with business inhibited by the events in foreign exchange markets. Royal Dutch slipped back almost a point to £46½ and Shell eased 7 to 738p, while BP gave up a couple of pence at 550p.

Britoil were a firm market following better-than-expected preliminary results and touched 228p before closing a net 5 to the good at 222p. Other firm spots included Enterprise Oil, scheduled to announce full-year figures next week, which added a like amount at 198p. Among second-line issues, Anvil 53p but rallied late to close 3 harder on balance at 58p; the interim results are expected on Monday.

Petroleum initially fell away to

Golds volatile

Dramatic events in foreign exchange markets led to equally volatile trading conditions in bullion markets and prompted another day of violent movements in gold-related sectors of mining markets.

The recent upsurge in the bullion price looked to have run its course during initial trading when the metal price dropped sharply to touch around $306-10 an ounce. However, the mid-afternoon announcement of a contraction in U.S. economic growth was followed by heavy downward pressure on the dollar and bullion prices quickly staged a sustained recovery. At the close of London trading bullion showed a $1.5 fall at $321 an ounce.

South African Golds mirrored this performance. Heavily sold in the U.S. overnight, prices were marked down sharply at the outset and came under renewed pressure from most international centres. Dollar quotations for gold shares then rallied strongly, in line with bullion, but much of this impact was lost in sterling terms, as the pound soared against the U.S. currency. Although well above the day's lowest levels, sterling quotations for Golds remained substantially lower over the session and the Gold Mines index showed a 26.5 decline at 491.2.

The leading heavyweights bore the brunt of the selling with "Amgold" finally a net £5½ lower at £73½, after £71½, and Randfontein almost £5 down at £83¾, after £81½. Vaal Reefs dropped to £78½ but recovered strongly to end the day only £1½ off at £82½.

Demand for Traded Options remained relatively brisk with 10,241 contracts struck comprising 6,465 calls and 3,776 puts.

FINANCIAL TIMES STOCK INDICES

	Mar. 21	Mar. 20	Mar. 19	Mar. 18	Mar. 15	Mar. 14	year ago
Government Secs.	80.83	80.57	80.46	80.30	80.66	72.91	83.00
Fixed Interest	84.48	84.87	84.31	84.01	83.87	83.86	86.81
Ordinary	993.1	1001.9	227.5	925.4	1002.3	290.1	890.0
Gold Mines	491.2	517.7	507.0	481.7	479.9	485.9	576.9
Ord. Div. Yield	4.52	4.54	4.56	4.55	4.52	4.57	4.29
Earnings, Yld.% (full)	11.35	11.26	11.96	11.98	11.16	11.28	9.80
P/E Ratio (net) (*)	10.73	10.21	10.51	10.82	10.91	10.79	12.69
Total bargains (Est.)	27,320	26,668	26,271	26,639	28,420	24,164	28,177
Equity turnover £m.	—	409.60	334.28	327.87	411.65	395.28	379.01
Equity bargains	—	22,350	92,593	25,508	22,801	21,095	26,738
Shares traded (mil)	..	209.3	186.5	178.2	204.1	100.6	224.6

10 am 990.5. 11 am 1000.0. Noon 1000.7 1 pm 1000.5. 2 pm 1000.5 3 pm 998.4.

Basis 100 Govt Secs. 15/10/26. Fixed Int 1928 Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.38.

HIGHS AND LOWS

	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	88.77 (2/1/84)	74.72 (18/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	27.48 (14/5/84)	80.48 (18/7/84)	150.4 (28/11/47)	50.58 (3/1/75)
Ordinary	1024.6 (22/1/85)	785.3 (25/7/84)	1034.5 (22/1/85)	42.4 (26/5/40)
Gold Mines	711.7 (15/5/84)	438.5 (25/1/85)	734.7 (15/2/81)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Mar. 20	Mar. 19
Daily Gilt Edged Bargains	175.3	157.0
Equities Bargains	144.7	145.4
Value	887.9	577.1
5-day Average Gilt Edged Bargains	169.9	152.7
Equities Bargains	147.9	148.1
Value	752.6	750.6

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 18	Mar 29	June 27	July 8
Apr 1	April 19	July 11	July 22
Apr 22	May 3	July 25	Aug 5

For rate indications see end of Share Information Service

Money was given for the call of North Kalgurli, Allebone, Brammer, Oliver Prospecting, Osceola, Premier Oil, Carr Boyd, Falcon Resources, Gestetner A, Jardine Matheson, Elsburg, Atlantic Resources, Jaguar, Marley, LCP, DRG, British Telecom, Staffordshire Potteries, Carpets International and F. J. C. Lilley. No puts were reported, but a double was transacted in Combined Technologies.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Bedford (Wm) New	190	—
Brikat	345	+25
Christies International	610	−2
Falcon Resources	459	+14
Jaguar	313	−17
Park Place Invs	155	+11
Reed International	576	−14
Rockware	55	+5
Rowntree Mackintosh	408	+15
Trinity International	277	+11
Vickers	266	−1
Waring and Gillow	153	+13

Eurocheque limit raised to £100

EUROCHEQUES issued in the UK will be guaranteed up to £100 a cheque from April 1—an increase of £25 on the previous limit, the UK Uniform Eurocheque banks said yesterday.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS	Thur March 21 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Wed March 20 Index No.	Tues March 19 Index No.	Mon March 18 Index No.	Fri March 15 Index No.	Year ago (approx.) Index No.
	Figures in parentheses show number of stocks per section										
1–66	[illegible]										
67	Insurance (Brokers) (6)	1215.35	−1.1	6.90	3.25	19.05	1228.39	1235.18	1240.65	1248.70	739.38
68	Merchant Banks (12)	234.32	−0.5	—	4.58	—	235.49	237.16	236.90	239.04	249.94
69	Property (50)	645.40	−0.2	5.44	3.50	24.49	646.82	647.76	645.65	642.72	574.13
70	Other Financial (25)	291.85	−0.1	8.97	5.38	13.49	292.04	291.26	289.12	293.54	278.15
71	Investment Trusts (106)	620.59	−0.5	—	3.20	—	623.40	627.91	631.15	632.41	526.31
81	Mining Finance (4)	302.55	−0.1	9.49	5.03	13.43	302.82	298.83	292.05	288.35	329.18
91	Overseas Traders (14)	665.64	—	9.45	6.26	13.12	665.92	664.63	660.35	663.58	588.64
99	ALL-SHARE INDEX (738)	627.81	−0.3	—	4.34	—	629.72	628.88	627.87	630.16	526.75
		Index No.	Day's Change	Day's High	Day's Low						
	FT-SE 100 SHARE INDEX	1300.7	−6.5	1309.2	1300.7	—	1307.2	1304.5	1300.3	1309.9	1,130.7

FIXED INTEREST

	PRICE INDICES	Thur March 21	Day's change %	Wed March 20	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	116.58	+0.11	116.45	—	2.33
2	5-15 years	127.82	+0.38	127.80	0.37	2.93
3	Over 15 years	134.85	+0.35	134.37	—	2.03
4	Irredeemables	146.99	+0.51	146.24	—	1.62
5	All stocks	126.71	+0.25	126.57	0.17	2.60
6	Debentures & Loans	108.82	−0.07	108.89	—	1.66
7	Preference	77.10	−0.06	77.15	—	1.83
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
6	All stocks	111.14	−0.41	111.60	—	0.78

	AVERAGE GROSS REDEMPTION YIELDS		Thur March 21	Wed March 20	Year ago (approx.)
	British Government				
1	Low	5 years	10.86	10.86	9.96
2	Coupons	15 years	10.66	10.69	10.08
3		25 years	10.22	10.24	9.70
4	Medium	5 years	11.74	11.78	10.61
5	Coupons	15 years	11.05	11.09	10.58
6		25 years	10.49	10.54	10.83
7	High	5 years	11.81	11.87	10.74
8	Coupons	15 years	11.21	11.28	10.71
9		25 years	10.61	10.67	10.12
10	Irredeemables†		10.10	10.15	9.65
11	Debs &	5 years	12.12	12.06	11.18
12	Loans	15 years	11.80	11.83	11.36
13		25 years	11.68	11.66	11.40
14	Preference†		12.71	12.71	12.64
15	Inflation rate	5%	3.26	3.23	3.39
16		10%	3.10	3.07	3.20

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$300	186	20	18	32.50	4	32	$312.80
GOLD C	$320	—	—	65	24	17	50	"
GOLD C	$320	870	12	—	—	—	—	"
GOLD C	$340	—	—	2678	16	1	17	"
GOLD C	$360	154	6	—	—	—	—	"
[illegible]								

TOTAL VOLUME IN CONTRACTS: 25,306

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ||| Introduction. ✠ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share. ‡ Comprising one 11 per cent Cnv.Uns.Ln stk. and one Warrant. ● With Warrants attached. ‡‡ Units comprising one New Ord., four New Pref. and one Warrant. ✠ Figures or report awaited.

NEW HIGHS AND LOWS FOR 1984/5

NEW HIGHS (80)

BRITISH FUNDS (3)
CANADIANS (1)
BANKS (2)
BREWERS (1)
BUILDINGS (2)
STORES (4)
ELECTRICALS (4)
ENGINEERING (12)
FOODS (3)
INDUSTRIALS (15)
INSURANCE (8)
LEISURE (3)
NEWSPAPERS (4)
PAPER (3)
PROPERTY (2)
SHIPPING (2)
TEXTILES (2)
TRUSTS (7)
OILS (1)
PLANTATIONS (1)

NEW LOWS (18)

AMERICANS (1)
Derma-Lock Medical
BANKS (1)
Allied Irish
BUILDINGS (2)
Tay Homes Warrington (Thos.)
STORES (2)
Gent (S.R.) Peters Stores
ELECTRICALS (2)
HB Electronic Comps. Wordplex
INDUSTRIALS (3)
Henara Sidlaw V.W. Thermax
TEXTILES (1)
Munton Bros.
TRUSTS (1)
Akroyd & Smithers
OILS (1)
Phoenix Oil & Gas
OVERSEAS TRADERS (1)
Nesco Invs
MINES (3)
Stilfontein Gem Expln & Mlnrls
De Beers 40pcCumPf

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Cns Gold Flds	21	523	+14
BICC	20	247	+17
BP	20	553	+12
ICI	18	775	−2
BAT Inds	17	353	−10
BTR	17	710	−15
Jaguar	17	330	−12
Willis Faber	17	708	+23
Beatrix Mines†	15	40pm	−2
Sedgwick	15	397	−10
Thorn EMI	14	412	+5
Falcon Res	13	445	−2
Glaxo	12	£11⅛	+⅛
Shell Trans	12	745	+3

† Nil-paid

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts Jly.	Puts Oct.
B.P. (*550)	460	100	110	120	1½	3	10
	500	50	73	85	4	12	20
	550	95	30	50	22	30	40
	600	7	25	32	60	65	70
Cons. Gold (*529)	460	73	87	92	6	8	13
	500	38	54	60	10	[illegible]	[illegible]
	550	8	30	37	40	[illegible]	[illegible]
Courtaulds (*148)	110	41	44	—	1½	[illegible]	[illegible]
	120	31	34	—	1½	[illegible]	[illegible]
	130	22	24	—	3	[illegible]	[illegible]
	140	14	17	95	6	[illegible]	[illegible]
	160	3	2	14	14	[illegible]	[illegible]
Com. Union (*205)	160	44	48	61	2	[illegible]	[illegible]
	180	25	30	86	3	[illegible]	[illegible]
	200	12	12	24	12	[illegible]	[illegible]
[illegible]							

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Imperial Gp. (*589)	160	66	42	—	2	3	—
	180	21	27	22	8	2	11
	200	12	18	91	16	23	27
	220	0	0	14	66	40	41
LASMO (*340)	300	60	66	—	4½	8	—
	330	65	40	50	14	20	27
[illegible]							

Mar. 21. Total contracts 10,241 Calls 6,465. Puts 3,776

* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984-85 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98 11/32	93 3/16	Treas 3pc 1985	98 11/16	+ 1/32	3.05	13.18
102 5/8	99 1/4	Treas 11 1/2pc 1985	99 5/16	+ 1/16	11.55	12.83
99 3/4	96 7/16	Treas 8 3/4pc Cnv '85	98 1/8	+ 1/16	8.89	12.41
104 1/4	99 3/16	Exch. 12 1/4pc 1985	100	+ 1/16	12.25	12.13
103 1/2	99 1/16	Exch. 13 3/4pc '86	99 7/8	+ 1/8	11.76	11.85
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
104	65	Marley	98xd	−1	3.75	2.2	6.1	9.9
86	40	Marling Ind. 10p	86	.....	10.0	3.6	2.2	18.1
46	29	Marshall L'sy. 'A'	42	.....	1.2	1.6	4.2	(7.3)
77	37	Marshall's Universal	69	.....	2.3	♦	4.2	♦
89	77	Do. 7½pcCnRedPf £1	82	.....	7½%	—	13.1	—
30	20	Martin-Black	22	.....	—	—	—	—
£108	£81	Mathesons 7¼%	£90	−4	Q7¼%	2.3	11.0	—
435	287	Metal Box £1	428	.....	15.0	3.2	5.0	6.9
220	129	Metal Closures	164	.....	6.3	2.3	5.5	(9.1)
27	9	Metal Sciences 7½p	13	.....	—	—	—	—
133	73	Midland Marts	98	.....	4.0	1.0	6.3	11.4
84½	45	Mitchell Cotts	71	.....	4.0	1.5	8.2	9.9
220	132	Morgan Crucible	220	+2	7.5	1.2	4.9	(22.2)
36	22	Morris (W) F.A. 20p	26	−½	0.5	♦	2.7	♦
110	80	Moss (Robt.) 10p	100	.....	12.5	2.3	3.6	14.3
330	297	MMW Computers	295	−5	6.0	3.0	2.9	16.5
65	35	Nash Inds.	37	.....	2.5	1.5	9.7	8.5
48	30	Neil & Spencer 10p	37	−1	—	—	—	11.1
33	15	Newman Industries	22	.....	—	—	—	£22.0
31	16½	Do. 10pc Cm.Cnv.Pf.	28½	+1½	10%	—	5.0	—
67	39	Nolton	55	.....	1.1	4.5	2.9	9.2
183	132	Norcros	166	.....	7.5	2.4	6.5	8.8
86	53	Nu-Swift 5p	56	.....	2.4	3.2	6.1	7.3
100	50	Oakwood Grp.	99	.....	4.5	1.4	6.9	(13.7)
190	135	Office & Elect.	145	.....	7.5	4.2	6.5	7.6
108	88	Oldacre 20p	88	.....	4.0	2.6	6.5	7.8
925	625	Oriflame Intl SA	925	.....	46.8	♦	7.5	♦
46	15	Overstone 12½p	17	+1	—	—	—	—
£175	£120	Ozalid 9pc Cnv 87-92	£175	.....	104.5	2.2	‡	3.9
190	105	PCT Grp 10p	130	.....	09%	—	5.2	—
£14	975	PLM "B" Sk 25	£13½	.....	Q21.6%	2.9	3.1	7.9
193	149	PSM Intl	178	−1	4.8	♦	4.1	♦
62	40	Pacific Sales 10p	52	.....	5.25	2.6	4.2	11.0

LEISURE—Continued

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
288	182	LWT	248	.....	14.4	2.3	8.1
75	42	Leisuretime Int 10p	62	.....	2.1	♦	4.9
162	98	Mageen. Ag. M. 10p	162	.....	0.75	1.2	7.7
184	110	Midsummer Tech Int 20p	157	.....	2.58	3.9	2.3
200	76	Medmeasure 10p	198	.....	4.85	2.6	3.5
240	138	Miss World 10p	230	.....	3.6	4.1	2.3
26	15	Nationwide Leis.	24½	.....	0.5	♦	2.9
46	9	Norwich Int 20s	25	−1	—	—	—
31½	14½	Owners Abroad	20	−½	0.75	6.1	5.4
46	33	Photax (Lon.)	42	.....	—	—	—
29½	20	P'cally Radio NV 5p	23½	+½	1.87	♦	11.4
130	55	Pineapple Dnc St 10p	65	−3	1.5	1.2	3.3
458	285	Pleasurama 5p	458	+10	9.2	♦	2.9
86½	75	Pres Entertain 50p	86½	.....	2.0	2.0	1.3
158	28	Radio City 'A' NV	20	.....	5.6	0.9	28.6
70	45	Radio Clyde NV	45	.....	3.25	2.0	10.3
148	30	Riley Leisure 10p	49	−1	4.2	2.4	‡
193	94	Saga Hols. 20p	193xd	.....	4.0	♦	1.0
£10½	111	Samuelson Grp £1	950	+10	9.0	3.6	1.4
39	18	Sangers Photo 10p	39	+1	2.0	1.1	7.5
200	138	Scaaro 50p	200	+10	3.68	2.2	2.6
190	98	Scott. TV 'A' 10p	155	.....	8.1	2.9	7.3
508	186	SeaCo Inc $0.125	411	−4	—	—	—
35	9	Select TV 10p	15	.....	—	—	—
145	107	Spectrum 5p	107	.....	2.0	4.8	2.7
37	24	TSW 5p	29	.....	1.5	2.6	7.4
157	79	TVS N/Vtg 10p	130	−3	6.0	2.2	5.5
222	102½	Television Svcs 50p	213	+3	1.5	4.2	1.0
90	60	Tottenham Hotspur	74	.....	2.3	1.6	7.7
260	120	Trafn TV 'A' 10p	253	.....	7.5	1.8	4.2
173	100	21st Century Oint	160	.....	—	—	—
197	135	7pc Tees TV 'A' £1	157	+2	10.5	2.5	9.6

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

INSURANCES

LEISURE

MINES—Continued

Finance

Australians

Tins

Miscellaneous

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
410	155	Centennial Min'ls	210	.....	—	—	—
175	70	Colby Res Corp	95	.....	—	—	—
955	450	Cons. Murch. 10c	475	+25	Q100c	1.4	10.2
40	25	Emesr Int. Ir10p	36	.....	—	—	—
252	150	Hampton Areas 10p	197	−5	3.75	2.1	2.6
260	140	Highwood Res	220	.....	—	—	—
£24½	£16	Homestake Mining $1	£21⅞	−⅜	Q20c	—	0.8
295	135	McFinley Red Lake	255	.....	—	—	—
365	101	Musto Explorations	260	.....	—	—	—
55	23	New Sabina Res C$1	35	.....	—	—	—
365	220	Northgate C$1	300	−30	—	—	—
718	500	RTZ	663	−2	18.0	2.7	3.9
£155½	£113½	Do. 9¼pcLn '95-2000	£144	−1½	Q9¼%	35.—	6.7
£13⅛	850	Tara Explrn $1	£11⅞	+¼	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- R No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 150 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	98	.....	Arnott	175	+5
Craig & Rose £1	£10	.....	CPI Hldgs	57	.....
Finlay Pkg. 5p	58	.....	Carroll Inds.	111	.....
Higsons Brew	118	.....	Dublin Gas	60	.....
Holt (Jos) 25p	800	.....	Hall (R. & H.)	48	+3
IoM Stm. £1	135	.....	Heiton Hldgs.	26½	.....
IRISH			Irish Ropes	40	.....
Exch. 12% 1985	£99½	.....	Jacob (W. & R.)	65	+2
Nat. 9¼% 84/89	£85⅝	.....	TMG	115	.....
Fin. 13% 97/02	£93⅞	.....	Unidare	84xd	.....

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	30	Vickers	19
BSR	16	Hse of Fraser	38	Property	
BTR	52	ICI	60	Brit Land	12
Babcock	14	'Imps'	18	Cap Counties	18
Barclays	40	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen	58	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	28	Lloyds Bank	45	Oils	
Brit Aerospace	33	Lucas Inds	25	Brit. Oil & Min	9
Brit. Telecom	11	Marks & Spcr	11	Brit Petroleum	42
Brown (J.)	3	Midland Bk	50	Burmah Oil	30
Burton Ord	39	NEI	8	Charterhall	6
Cadburys	14	Nat West Bk	60	Premier	3
Comm Union	19	P & O Dfd	36	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	18
Debenhams	17½	Polly Peck	26	Ultramar	19
Distillers	28	Racal Elect	18	Mines	
Dunlop	4	RHM	11	Charter Cons	18
FNFC	8½	Rank Org Ord	32	Cons Gold	44
Gen Accident	45	Reed Intnl	50	Lonrho	14
Gen Electric	12	Sears	8	Rio T Zinc	56
Glaxo	85	TI	20		
Grand Met	25	Tesco	28		
GUS 'A'	60	Thorn EMI	35		
Guardian	60	Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page.

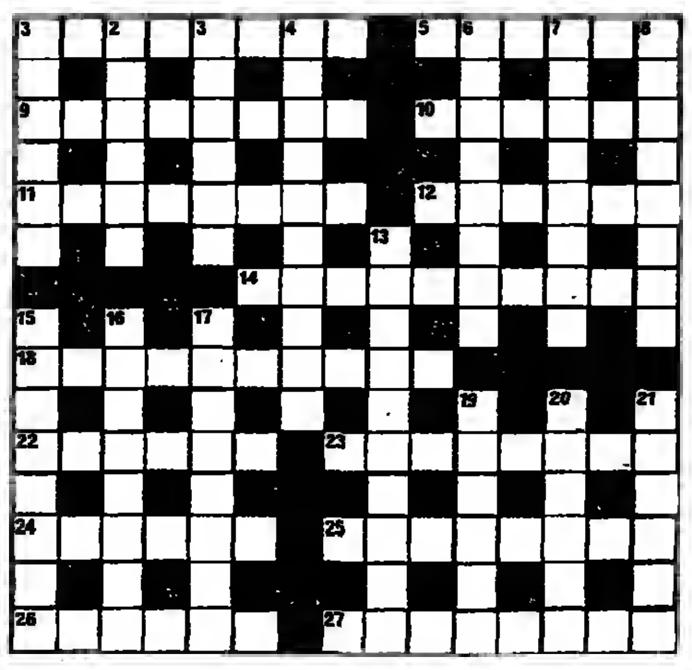
"Recent Issues" and "Rights" Page 39

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,675



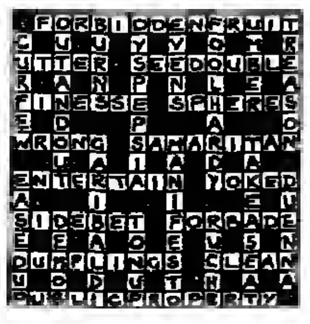
ACROSS

1 Keen to learn of debt being accepted by bosses (8)
5 Broadcast that's gloomy about money service (6)
9 Return matches results for which regular payments are made (8)
10 The standing of a good man at American get-together (6)
11 A love of figures adroitly manipulated (8)
12 It's fruit or a turnover for an opera-singer (6)
14 Feature about a mount — a beast with a lovely coat (10)
18 A hindrance to heavyweight explorer (10)
22 Trees used for pillars of the church (6)
23 A knight getting cut by chance (8)
24 Robber given a small coin and content (6)
25 Decline to carry key for protection (8)
26 Awfully hearty — not at all genteel (6)
27 Concern for profit (8)

DOWN

1 A little bird seen when one's in a hide (6)
2 Socialist leader in coalition finding harmony (6)
3 A high-brow being in charge, step back (6)
4 Continental articles these may be — bed-linen (5-5)
6 Correct set, the Tories! (3, 5)
7 "Round about the cauldron go: in the poison'd . . . . throw" (Macbeth) (8)
8 Dolly is a confounded apostate (8)
13 Bar acclaim for something new (10)
15 Meet and walk slowly around regressive character (8)
16 A down-to-earth man looking for growth (8)
17 Upsetting him risks coming into conflict (8)
19 Save argument over a point (6)
20 Corner a fellow about 50 (8)
21 A little deciduous tree that's suitable for an avenue (6)

Solution to Puzzle No. 5,674



INSURANCE, OVERSEAS & MONEY FUNDS

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.68		−0.05	

Inv. Adv. M & G. Inv. Mngt., Ltd., London

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com Fund	12.8	13.4		3.10
Clarion Fund	58.2	60.6		3.20
Precious Metal Fund	67.3	70.1		8.30
Vanguard Cmdy Fd	19.3	19.8	+0.1	0.00
Financial Futures Fd	32.1	33.5		

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd	68.65			

Money Market Trust Funds

	Nom	CAR	Int 1e	Notice
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST 01-236 0952				
Call Fund	14.77	15.46	6-mth	Call
7-day Fund	14.36	15.01	6-mth	7-day
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE 01-236 1425				
Call Fund	14.49	15.01	6-mth	Call
7-day Fund	14.13	14.63	6-mth	7-day
Dollar..	7.44	7.37	6-mth	2-day
Money Mngt. Acct.	14.00	14.75	3-mth	Call

Money Market Bank Accounts

	Nom	CAR	Int 1e	Notice
Aitken Hume				
30 City Road, EC1Y 2AY 01-638 6070				
Treasury Acct	13.75	14.48	Qtr	Call
Min Int Chq	13.50	14.37	Mthl	Call
Bank of Scotland				
38 Threadneedle St, EC2P 2EH 01-628 8060				
Cheque Acc	12.60	13.35	Mthl	Call
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int Cheque	13.50	14.19	Qtr	Call
Britannia Grp of Investment Companies				
29 Finsbury Circus, EC2M 5QL 01-588 2777				
Cater Allen	13.25	14.09	Mthl	Call
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH 01-248 3999				
Sterling	13.25	14.085	Mthl	Call
U S Dollar	8.0	8.330	Mthl	Call
German Marks	5.0	5.115	Mthl	Call
Swiss francs	2.0	2.018	Mthl	Call
Japanese Yen	5.0	5.115	Mthl	Call
Co-operative Bank				
78-80 Cornhill EC3 01-626 6543 Ex 464				
Under £1,000	12.00	12.55	Qtr	Call
Over £1,000	14.00	14.75	Qtr	Call
Dartington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE 0803 862271				
Money Mkt Acc	13.50	14.20	Qtr	Call
Henderson/Bank of Scotland				
38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc	12.60	13.35	Mthl	Call
Lombard North Central PLC				
37 Bruton St W1A 3DH 01-409 3434				
14-Day Notice	13.25	13.68	Rate	14-day
M & G/Kleinwort Benson				
93-99 New London Rd, Chelmsford 0245 51651				
High Int Cheque Acc	13.50	14.40	Daily	Call
Midland Bank plc				
PO Box 2, Sheffield 0742 20999 Ext 8738				
High Int Chq	13.38	14.06	Qtr	Call
Provincial Trust (formerly Choularton)				
30 Ashley Rd Altrincham, Cheshire. WA1 2DW 061 928 9011				
Cheque Acc	14.00	14.93	Mthl	Call
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB 0708 66966				
High Int Bk Acc	13.36	14.30	Daily	Call
Premier Acc	13.36	14.30	Daily	Call
Tyndall & Co				
29-33 Princess Victoria St, Bristol BS8 4BX 0272 732241				
Demand Acc	14.16	14.93	Qtr	Call
Money Acc	13.75	14.47	Qtr	Chq F
J. Henry Schroder Wagg & Co Ltd				
Enterprise House Portsmouth 0705 827733				
Special Acc	14.00	14.43	Mthl	Call
Over £10,000	14.25	15.22	Mthl	Call

Notes CAR compounded annual rate Int Cr frequency interest credited

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

Japan likely to end whaling in 1988

TOKYO—Japan intends to end all its whaling in 1988 in the face of a U.S. threat to cut the Japanese fish catch quota in U.S. water, Tokyo newspapers reported yesterday.

A Japanese Foreign Ministry official said Mr Tatsuo Saito, deputy director of the Fishery Agency, was leaving for consultations on whaling with U.S. officials.

Mr Saito could convey a Japanese decision, if and when made, either during the visit or on another trip to Washington, the official said. He neither confirmed nor denied the newspaper reports.

At talks last November the U.S. urged Japan to drop its opposition by the end of this month to an International Whaling Commission ruling that all commercial whaling should be stopped.

The TWC wanted the moratorium to go into effect in 1985 and 1986, depending on species.

Washington said it would invoke a law to cut Japanese fish catch quotas in U.S. waters if Japan did not comply.

However, the U.S. agreed in the November talks to let Japan go on catching sperm whales until 1988.

Japan takes Y130bn (£452m) worth of fish from U.S. waters a year, about ten times the value of its whaling catch.

Trinidad makes sugar proposal

By Canute James in Kingston

TRINIDAD and Tobago has asked its Commonwealth Caribbean neighbours to allow it to refine their raw sugar as part of efforts to rehabilitate its sugar industry.

The region's sugar producers are discussing the Trinidadian offer which could see the Usine St Madeline Refinery, operating at its full capacity of 60,000 tonnes of refined sugar per year.

The refinery last year processed 47,00 tonnes of raw sugar from Brazil, the Dominican Republic and Guatemala.

London metal markets hit by decline in dollar

BY JOHN EDWARDS, COMMODITIES EDITOR

LONDON metal markets suffered another traumatic day yesterday, following the sudden collapse at lunchtime in the value of the dollar and news of a much smaller than expected increase in U.S. gross national product. Traders said currency movements continued to be the most dominant influence. In several cases prices were up in dollar terms, even though falling heavily in sterling values.

Copper was one of the hardest hit on the London Metal Exchange. The three months higher grade quotation fell by £44 to close at £1,194.75 a tonne, making a loss of more than £80 this week.

A further depressing influence was a disappointing performance by the New York copper market and news that Asarco had cut its domestic selling price in the U.S. by 1 cent to 66 cents a lb. U.S. domestic prices for lead and zinc were increased to compensate for the lower value of the dollar.

London lead prices held remarkably steady, but the recent decline in zinc continued with the three months quotation dropping a further £15 to £737.75 a tonne, down £68 on the week. Aluminium prices were sharply lower too.

Tin and nickel came under heavy pressure. Three months standard tin lost £265 to £9,647.5 a tonne, narrowing considerably its premium over the Straits tin price in Kuala Lumpur, which remains pegged at the International Tin Agreement "floor" of M$29.15 a kg.

While London base metals tumbled, gold staged a recovery although nowhere near as spectacular as on Tuesday. The London bullion spot price, after falling to a low of $308 in the morning, rallied to close at $321 an ounce, still $1.50 down on the day.

● Trading privileges of three members of the New York Commodity Exchange (Comex) have been suspended pending an investigation into their activities in gold futures options, the Exchange confirmed yesterday.

It is understood that the violent gold price movements on Tuesday caused heavy losses for some traders and one company, providing clearing facilities for "locals," was unable to meet its financial obligations. Initial estimates put the losses suffered at over $20m but it is now thought they total less than $10m.

The problems in the gold options market are believed to have triggered rumours that Mocatta Metals, part of the Standard Chartered Bank group, had been hit since it is known to be one of the most important dealers in gold options.

However, the company strongly denied being involved in any way. Mr Keith Smith, managing director of Mocatta & Goldsmidt, said the unfounded rumours were infuriating. The company was enjoying an extremely profitable and happy

EEC food price plans attacked

BY ANDREW GOWERS

BRITAIN'S food manufacturers sharply attacked yesterday EEC plans to raise the official prices of white sugar and skimmed milk powder, saying they would add about £9m to the UK industry's raw material costs.

The increases proposed by the European Commission, are due to be discussed by Community agriculture ministers in their first detailed negotiations on this year's farm price review next Monday.

The Food Manufacturers' Federation broadly welcomed the proposals, which would cause a 0.3 per cent fall in UK farm prices. But Mr Barrie Williams, FMF deputy director-general, said there was "no justification whatsoever" for the proposed 1.3 per cent increase in the white sugar intervention price in view of the Community's large sugar surplus. This would inflate the industry's costs by about £4.4m.

The federation also opposed the proposal to raise the price of skimmed milk powder by 6.8 per cent, which was likely to cost the food industry between £4.5m and £5m.

"Skimmed milk powder is an important ingredient for many food manufacturers, who had to put up with a 10.9 per cent increase last year," the FMF said. Products such as ice cream, and yoghurt were likely to be particularly bit.

British farmers and consumers also stepped up their lobbying over the price review yesterday.

Sir Richard Butler, president of the National Farmers' Union, said British proposals, including a 5 per cent price cut for cereals, were "worse than inadequate."

The Commission has proposed a net 3.6 per cent reduction for cereals which the NFU has also condemned.

Sir Richard called for a general increase in support prices to cover costs, and retention of the variable premium schemes for British beef and sheepmeat producers.

The beef premium, also backed yesterday by the Consumers in the European Community group on the grounds that it keeps down the price of beef to the consumer, looks like being a sticking-point for Britain in the price-fixing.

Other EEC countries, like West Germany, which want to see its abolition, are likely to argue that Mr Jopling's position of pressing for cuts in farm spending while fighting for the continuation of special aid for British farms is untenable.

Grain export licences return to normal level

By Richard Mooney

THE EEC Commission granted export licences on 119,500 tonnes of wheat at its weekly tender in Brussels yesterday, returning to a more normal level following last week's extraordinary high 427,500 tonnes and the previous week's extraordinary low 21,000 tonnes.

The low level of authorisations at the March 7 tender had prompted criticism from Coceral, the grain traders' lobbying organisation in Brussels, that the Commission policy of keeping export rebates at the minimum possible level was holding exports well below target.

At yesterday's tender, French traders applied for export licences on 798,000 tonnes of free market soft wheat, bidding for rebates between 27.42 and 33.74 European currency units. The maximum rebate was set at 28.49 Ecus, up from 24.49 last week, reflecting currency changes.

Licences were granted on 187,000 tonnes of barley, up from 139,000 tonnes last week. The maximum rebate was set at 46 Ecus compared with 42.99 last week.

● CINA'S tea output will not be sufficient to meet export demand in 1985 due to increased domestic demand and frost damage to the spring harvest, the China News Service said.

● IVORY COAST confirmed reports that last seasons' crop was badly hit by drought. M Denis Bra Kanon, the Agriculture Minister, estimated output at 85,000 tonnes compared with what he described as traditional annual production of about 300,000 tonnes.

He did not estimate this season's output but trade sources have put it at some 270,000 tonnes.

● MAHARASHTRA State Co-operative Cotton Growers Federation has asked the Indian Government to permit it to export more cotton, especially long-staple varieties.

Europe's vegetable oil users pick up the dollar bill

John Buckley reports on factors behind processors' price increases

EUROPE'S vegetable oil consumers are counting the cost of their currencies' slide against the U.S. dollar. Even if the present reversal of sentiment is sustained, merchants believe input costs for many products could remain high for some time.

The situation is a dramatic turnround from the bear market expected little more than a month ago. Then, users looked forward to stable, even cheaper prices on the assumption that supplies would rebound from last season's shortages.

These predictions have gone askew, and in the UK, processors have been forced to make a series of increases, putting items like soya and rapeseed oil £100 per tonne up on levels ruling in January.

Distributors are in no doubt that the dollar is the main culprit, pointing to the recent 20 per cent rise in the price of guilder-quoted Dutch bean oil, generally regarded as the European benchmark. Even the EEC's giant rapeseed crop has failed to brake the advance. Consumers have simply bought all the rape oil offered and so brought prices up close to soya, now trading at its dearest level since last July.

Yet currencies are not the only factor and Europe is by no means bucking any world trend towards cheaper levels. Soya oil is just as tight in the U.S., where a 7m tonne rise in last year's soyabean crop has had no visible impact in controlling prices. Traders blame tough soyabean crush margins which have forced many plants to close down. Demand for meal in the U.S. and Europe has been "appalling" according to one source, which says the approach of warmer weather is most likely to help stimulate feeding.

As usual, soya oil is bearing the brunt of slack meal demand. New supplies are insufficient to meet demand and U.S. consumers show no signs of slowing their re-stocking programmes — understandable perhaps, after watching their security stocks wiped out during last autumn's vegetable oil "famine."

On top of this, yield of oil per bean appears to be well below normal, but a clearer picture will only be apparent in the second quarter of 1985, when crush is fully reflecting new crop soyabean oil content.

Encouraged by this spectacle, Malaysian palm oil exporters (the main alternative source of supply) have shut up shop against cheap bids. European shippers say this reflects not only the bullish reaction of plantations to seasonally lower output, but the fact that many refineries are running at a loss at current export prices.

Malaysia has also had unexpected help from a 10 per cent export tax levied on competing Indonesian palm oil with effect from April 1.

In spite of this bull cocktail, merchants still warn of a big slide in prices in the spring as the next seasonal bulge in palm oil output combines with a flood of Latin American crop soyabean oil and the likely slowdown in U.S. consumer re-stocking.

There remain uncertainties to upset the prophets of plenty. U.S. soyabean farmers are tipped to desert the crop in favour of maize, having got no benefit from dollar-inflated international bean and product prices. Europe's rapeseed crop may also be reduced by harsh weather. Even crushers, with a vested interest in cheap seed supplies, accept last year's record EEC yields will be hard to follow.

Perhaps the greatest irony is that by letting the dollar run riot, the U.S. has inadvertently donated fresh propaganda to Europe's oilseed expansionist lobby. Last month, a European Commission spokesman warned that the crush industry faced extinction from high costs and short supplies. Recent events have done nothing but enhance the case for larger EEC oilseed crops, according to many traders.

Thailand warns against rubber stock rise

PHUKET — Thailand warned yesterday against any rise in the 550,000 tonne ceiling on the buffer stock of the UN-sponsored International Natural Rubber Organisation.

Mr Thalerng Thamrongnavasawat, the Thai Agriculture Permanent Secretary, told a meeting of the Association of Natural Rubber Producing Countries in Phuket that such a rise would require more funds from Inro members, especially producers.

The ANRPC conference is discussing a rise in buffer stock levels under an international rubber accord to be negotiated in Geneva starting on April 22.

Conference delegates said the estimated 273,000 tonnes now in the buffer stock would probably be transferred to a new agreement between Inro members after expiry of the current International Natural Rubber Agreement in October.

They said carrying over the stock would cut the market intervention capacity of the buffer stock manager if the ceiling was held at 550,000 tonnes.

In Kuala Lumpur, meanwhile, the Malaysian Rubber Exchange and Licensing Board said Malaysia's rubber production may not pick up after the wintering period ends in mid-April due to an expected shortage of rubber tappers.

There is little chance of higher production from May, when supply should revert to normal, because rubber tappers are reluctant to return to work due to low prices, it said.

Peninsular Malaysian rubber output rose to 135,640 tonnes in December

LONDON MARKETS

COCOA FUTURES prices fell steeply in London yesterday afternoon as the market finally succumbed to the currency pressure which has been depressing other sterling-denominated markets all week.

Gains were made in early trading, pushing the May position to £2,148 a tonne, as traders reacted to overnight gains in New York and the initial weakness of sterling.

The trend was reversed, however, by mixed selling and hedging against producer sales before the rally in sterling added to the downward pressure. May cocoa slipped to £2,052 a tonne at one stage before closing £68.50 down at £2,059 a tonne.

MAIN PRICE CHANGES

in tonnes unless otherwise stated

METALS	Mar. 21 1985	+ or —	Month ago
Quicksilver†	$288/298		$295/305
Silver troy oz	528.45p	-38.65	567.00p
3 mths	544.95p	-38.65	583.15p
Tin cash	£9,887.5	-257.5	£10,035.5
3 mths	£9,647.5	-265	£10,055.5
Tungsten	$73.70		$75.68
Wolfram 22 04lb	$75/78		$73/77
Zinc	£761	-15	£813
3 mths	£737.75	-15	£793.5
Producers	$900-940		$900

OTHERS	Mar. 21 1985	+ or —	Month ago
Cocoa Ft. May	£2059	-68.5	£2185.5
Coffee Ft. May	£2250.5	-49	£2375.3
Cotton A Index	67.35c	+0.5	68.05c
Gas Oil April	$232.75	+0.5	$238.75
Rubber (kilo)	68p	-1	66p
Sugar (raw)	$110y	-3	$112.5
Wooltops 64s	522pkilo		505pkilo

‡ Unquoted. w April-May. x April. y May. v March-April. t Per 76 lb flask. c Cents a pound.

INDICES

FINANCIAL TIMES

Mar. 20	Mar. 19	M'th ago	Year ago
303.04	301.51	295.93	303.51

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1200.5-1.5	-17.7	1179-3	-46
3 months	1222-3	-17.2	1194.5-5	-44
Settlem't	1201.5	-17.5	—	—
Cathodes				
Cash	1206-8	-18.5	1162.5-5.5	-42
3 months	1225 3	-21	1165.7	-45.5
Settlem't	1209	-19	—	—

Amalgamated Metal Trading reported that in the morning higher grade traded at three months £1,228, 27, 26.5, 26, 25, 25.5, 26. Cathodes: Cash £1,210; three months £1,225, 24, 23.5, 22, 22.5. Kerb: Higher Grade: Three months £1,222, 21.5, 21, 20, 19, 17, 19, 15.5, 17. Afternoon: Higher Grade: Three months £1,193, 92, 94, 95, 96, 97, 98, 95.5, 94.5, 95, 94, 93, 93.5, 94, 94.5. Cathodes: Cash £1,193. Kerb: Higher Grade: Three months £1,196, 95, 97, 98, 1,200, 1,199, 98, 96, 95, 96, 97.5, 98. Turnover: 30,625 tonnes. U.S. Producers: 67-70 cents per pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	9790-80	-70	9635-45	-256
3 months	9845-55	-47.5	9660 70	-266
Settlem't	9800	-70	—	—
Standard				
Cash	9790 800	-60	9635-40	-257
3 months	9830-5	-52.5	9645-50	-265
Settlem't	9800	-60	—	—
Straits. E.	$29.15		—	—

Tin — Morning: Standard: Three months £9,810, 5, 9,900, 8,870, 50, 40, 30, 20, 35. High Grade: Cash £9,819, 9,800. Kerb: Standard: Three months £9,790, 95, 9,800. Afternoon: Standard: Three months £9,680, 50, 9,700, 9,690, 80, 70, 80, 75, 70, 60, 60, 80, 45. High Grade: Cash £9,630, 35. Kerb: Standard: Three months £9,680, 75, 80. Turnover: 1,520 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	306.25-.5	+5.12	301-2	-5
3 months	314-.5	+4.12	309.5-10	-4
Settlem't	306.5	+5	—	—

Lead—Morning: Cash £306.25, three months £316, 14.5. Kerbs: Three months £314, 13. Afternoon: Three months £310, 9, 9.5, 9, 9, 10. Kerbs: Turnover: ... U.S. Spot: 18-22 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	1944-.5	-12.2	920-1	-28
3 months	975-.0	-12	958-3	-22

Aluminium—Morning: Cash £943.5, 44, three months £978, 75, 75.5, 75, 76. Kerbs: Three months £975, 74, 73, 72, 73. Afternoon: Three months £948, 50, 49, 48, 50, 51.5, 51, 50.5, 51, 52. Kerbs: Three months £956, 57, 59, 61, 60, 59, 58, 57, 56, 55, 54, 53, 54, 55, 56. Turnover: 20,650 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	4562-5	-9	4435-45	-108
3 months	4587-90	-7	4465-70	-18

Nickel—Morning: Cash £4,562, three months £4,590, 75, 85. Kerbs: Three months £4,590. Afternoon: Three months £4,480, 50, 45, 50, 60, 65, 60, 65, 70. Kerbs: Three months £4,515, 20, 10, 4,500, 4,490. Turnover: 1,308 tonnes.

GOLD

Gold fell $1½ an ounce from Wednesday's close in the London bullion market yesterday to finish at $320½-$321½. The metal opened at $320-$321 and was fixed at $312.50 in the morning and $318.50 in the afternoon. It touched a low of $307-$309 but recovered as the dollar fell sharply on lower than expected U.S. GNP figures, reaching a best level of $321-$322½.

GOLD BULLION (fine ounce) Mar. 21

Close	$320½-321½	(£269¼-270¼)
Opening	$320-321	(£278¾-279¼)
M'n'g fix.	$312.50	(£273.165)
Aft'n'n fix.	$318.50	(£268.560)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$329¾-330½	(£277½-278)
½ Krug.	$173-173½	(£145½-146)
¼ Krug.	$86½-87¼	(£72¾-73½)
1/10 Krug.	$35-35¾	(£29½-30)
Mapleleaf	$330-330¾	(£277¾-278¼)
New Sov.	$73½-76¼	(£63½-64¼)
½ New Sov	$47-47¾	(£39½-40¼)
Old Sov.	$75-76½	(£63-64½)
$20 Eagle	$460-499	(£387-419)
Noble Plat	$278-282	(£234-237)

SILVER

Silver was fixed 36.65p an ounce lower for spot delivery in the London bullion market yesterday at 528.45p. U.S. cent equivalents of the fixing levels were: spot 615.90c, down 35.85c; three-month 623.70c, down 37.2c; six-month 638.55c, down 38.3c; and 12-month 673.95c, down 40.25c. The metal opened at 539-542p (619-622c) and closed at 532½-536½p (634-638c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	528.45p	-36.6	550p	-18
3 months	544.95p	-38.0	554p	-17
6 months	560.60p	-38.6	—	
12 months	590.15p	-38.7	—	

COCOA

Futures declined sharply during a day dominated by currency movements. Only light second-hand interest was seen on the physical side with neither producers nor consumers prepared to trade at current levels, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
March	2048 2049	-63.5	2125-2042
May	2058 2060	-68.5	2148 2052
July	2011 2015	-69.5	2087-2010
Sept.	1992 1996	-59.5	2057-1992
Dec.	1913-1915	-39.0	1955 1911
Mar.	1815-1818	-58.0	1925 1916
May	1907-1908	-87.0	1916-1907

Sales: 5,427 (4,733) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound)—Daily price for March 21: 104.91 (105.50): five-day average for March 22: 102.44 (101.00).

COFFEE

During an active session prices moved sharply lower due to a rally in sterling, reports Drexel Burnham Lambert. A brief recovery was met by further selling and although profit-taking emerged prices closed around the daily lows in most contracts.

COFFEE	Yesterd'ys Close	+ or —	Business Done
March	2225-26	-46.0	2290-22
May	2250-51	-49.0	2332 52
July	2299 02	-55.0	2375-98
Sept.	2356 40	-59.0	2418-34
Nov.	2381-54	-56.0	2422-49
Jan.	2330-33	-40.5	2395 25
March	2300-10	-40.0	2350-98

Sales: 4,255 (8,418) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound)—March 20: Comp daily 1979 133.04 (132.96): 15-day average 131.64 (131.43).

OIL

In a nervous market forward Brent traded thinly within a narrow range while most other crudes were neglected. Nymex WTI for May traded erratically between a 44c gain and 11c loss and showed a net gain of 30c at 1 pm EST. In the petroleum products market gas oil was quiet with prices falling early on with the IPE but recovering later with the Nymex. Heavy fuel prices continued to fall in North West Europe despite some trader interest in prompt deliveries—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—April		
Arab Light	27.70-27.80	—
Arab Heavy	26.50-26.60	-0.075
Dubai	27.15-27.20	+0.025
Brent Blend	27.99-28.00	—
W.T.I. (1pm est)	28.38-28.40*	—
Forcados (Nigeria)	28.00-28.20	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	260-268	+1
Gas Oil	238-240	+1
Heavy fuel oil	154-155	-1

Petroleum Argus estimates

* May

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or —	Business Done
March	237.00	—	237.50-36.25
April	238.75	+5.50	229.00-25.50
May	227.00	—	227.25-24.00
June	223.25	-1.00	223.25-22.75
July	222.75	-1.75	225.00-21.00
Aug	224.50	-0.75	224.50
Sep	227.00	-1.50	—

Turnover: 2,848 (2,067) lots of 100 tonnes.

RUBBER

PHYSICALS — The London market opened slightly easier, drifted lower throughout the day, and closed uncertain, reports Lewis and Peat. Closing prices (buyers): spot 66.00p (67.00p); April 70.75p (72.00p); May 71.25p (72.50p). The Kuala Lumpur fob price for April RSS No. 1 was 191.5 (193.5) cents a kg and for SMR 20 was 181.5 (182.5).

SOYABEAN MEAL

The market opened 50p-£1.00 down in active trading conditions, reports T. G. Roddick. ...

U.S. MARKETS

PRECIOUS METALS were mixed with gold prices under considerable pressure as a result of forced liquidation of a high volume of open positions, reports Heinold Commodities. Silver was higher, mostly on currency arbitrage with late technical buying providing additional support. Copper was higher on arbitrage interest but late trade hedging pared the advance. Aluminium traded moderately higher on bullish sentiment prevailing in the foreign currency markets. Cocoa was under steady pressure as producer selling more than offset arbitrage buying. Coffee prices were strong on reports of continued low-volume shipments by ICO members; light dealer interest helped firm the market. Sugar firmed moderately on commission-house buying and arbitrage. Cotton declined on trade selling on suspicion that Soviet buying has been completed and on indications that other world sources will continue to undercut U.S. prices. Heating oil rose sharply, reaching the limit in the nearby month on forced short-covering and margin liquidation and fears of inadequate stocks for delivery on the April position. Grains and soyabeans opened strong, in line with higher currencies, but lost all or most of the gains going into the close. Maize finished mixed with support in the nearby months and selling in the deferred months. Wheat followed a similar pattern as the May future began to reflect tight spot supplies. Soyabeans benefited from crusher support in the spot market

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
March	49.50	49.50	49.50	49.00
April	49.80	—	—	49.15
May	50.00	50.05	49.80	49.80
July	50.85	50.85	50.75	50.35
Sept	51.70	51.70	51.70	51.20
Dec	52.85	—	—	52.45
Jan	53.35	—	—	52.85
March	54.20	—	—	53.70
May	55.00	—	—	54.50
July	55.80	56.10	55.20	55.30

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
March	61.25	61.25	61.05	60.60
April	61.35	—	—	—
May	61.75	62.00	61.35	61.15
July	62.35	62.70	62.00	61.90
Sept	62.70	63.05	62.25	62.15

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
May	4.00	4.03	3.96	3.94
July	4.18	4.22	4.17	4.17
Sept	4.36	4.37	4.32	4.34
Oct	4.52	4.53	4.49	4.48
Jan	5.05	—	—	4.97

CHICAGO

OTHER MARKETS

WOOL FUTURES

HIDES

MEAT

PARIS

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

U.S. GNP figures depress dollar

The dollar fell to a six-week low in currency markets yesterday in reaction to disappointing economic growth figures. The flash estimate of the first quarter GNP was up 2.1 per cent, down sharply from expectations of a figure nearer 4 per cent and a 1984 fourth quarter revised figure of up 4.3 per cent. In addition a sharp rise in the GNP deflator revived fears over inflation.

Consequently the dollar met heavy selling as conditions degenerated to something less than orderly. Very wide spreads were quoted between buying and selling prices, highlighting the nervous state of the market. Opinion tended to veer more towards believing that the dollar's recent trend was more than just a temporary downward correction. However, its ability to bounce back, so ably demonstrated on more than one occasion left the market in a very uncertain state.

The dollar touched a best level of DM 3.2940 against the D-mark but during the afternoon slumped nearly 11 pfennigs to a low of DM 3.1850. It recovered to close at DM 3.2105, still well down from Wednesday's close of DM 3.2555 and its lowest finishing level since the beginning of February. Elsewhere it fell to Y254.20 from Y256.10 and SwFr 2.7209 compared with SwFr 2.7550. Against the French franc it slipped to FFr 9.82 from FFr 9.96. On Bank of England figures, its index fell to 149.0 from 151.3.

STERLING — Trading range against the dollar in 1984-85 is 1.4940 to 1.0525. February average 1.0933. Exchange rate index 76.4 from 74.0, having opened at 76.4 from 74.0, having low of 74.4 in the morning. The six months ago figure was 76.9.

Sterling rose to its best level since mid-November last year, benefiting from the dollar's decline and firm UK interest rates. The Bank of England's attempts to prevent rates from falling too sharply increased sterling's attractiveness. It rose against the dollar to $1.1920 at one point and closed at $1.1880, a rise of 3.65c from Wednesday.

Against the D-mark it rose to a five-month high of DM 3.8150 from DM 3.7475 and Y302.0 from Y294.50. It was also higher against the Swiss franc at SwFr 3.2250 from SwFr 3.1675 and FFr 11.68 compared with FFr 11.50.

D-MARK — Trading range against the dollar in 1984-85 is 3.4510 to 2.5535. February average 3.3008. Exchange rate index against 120.4 six months ago.

The dollar steadied towards the close of business in Frankfurt, having fallen sharply on the unexpected GNP flash estimate. From a level of around DM 3.25, the dollar fell to a low of DM 3.1850 before recovering to finish at DM 3.2030 still down from DM 3.26 on Wednesday. The Bundesbank refrained from entering the market either in open trading or at the fixing where the dollar was priced at DM 3.2610, hardly changed from DM 3.2620 previously.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu March 21	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	44.9587	−0.09	+0.03	±1.5522
Danish Krone ...	8.14104	7.99186	−1.83	−1.71	±1.6419
German D-Mark	2.24184	2.23058	−0.50	−0.38	±1.1476
French Franc ...	6.87456	6.82217	−0.76	−0.64	±1.3669
Dutch Guilder...	2.52595	2.51854	−0.29	−0.17	±1.0177
Irish Punt	0.72569	0.715785	−1.36	−1.24	±1.6703
Italian Lira	1403.49	1419.56	+1.14	+1.14	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

New York Rates

	March 21	prev. close
£ Spot	$1.1860-1880	$1.1440-1.1460
1 month	0.50-0.47pm	0.46-0.44pm
3 months	1.12-1.14pm	1.11-1.08pm
12 months	1.40-1.25pm	1.15-1.10pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING EXCHANGE RATE INDEX

	March 21	Previous
8.30 am	74.6	75.2
9.00 am	74.4	75.1
10.00 am	74.5	74.3
11.00 am	74.8	74.6
Noon	74.8	74.4
1.00 pm	74.8	74.3
2.00 pm	75.3	74.6
3.00 pm	76.1	74.5
4.00 pm	76.4	74.0

POUND SPOT—FORWARD AGAINST POUND

March 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1400-1.1920	1.1875-1.1885	0.50-0.47c pm	4.90	1.22-1.18pm	4.06
Canada	1.5756-1.6295	1.6205-1.6295	0.45-0.37c pm	3.03	1.00-0.89pm	2.31
Nethlnd.	4.22½-4.32¼	4.30¾-4.31¾	2½-2⅛c pm	6.96	6⅞-6⅝pm	6.27
Belgium	74.98-76.95	76.30-76.40	23-18c pm	3.22	56-46pm	2.67
Denmark	13.42-13.71	13.59-13.60	9½-2⅞ore pm	2.54	7½-6pm	2.00
Ireland	1.2005-1.2225	1.2165-1.2195	0.04p pm-0.13d	−6.44	0.05pm-.04d	−0.59
W. Ger.	3.73⅝-3.82⅝	3.81-3.82	2⅝-2⅛pf pm	6.06	7-6⅞pm	7.27
Portugal	206½-217½	209¼-215¼	125-490c dis	−17.12	460-1390d	−17.45
Spain	207½-212½	210¼-212¼	40-20c pm	1.70	35-par pm	0.33
Italy	2,380-2,445	2,433-2,434	par-3 lire dis	−0.74	7-12dis	−1.56
Norway	10.73-10.99¾	10.94-10.95	2½-1½ore pm	2.19	3½-2pm	0.94
France	11.48½-11.69¾	11.60¾-11.68¾	3½-2⅞c pm	3.03	7⅞-6¼pm	2.30
Sweden	10.69½-10.97½	10.92½-10.93½	1-¼ore pm	0.62	¼pm-⅛dis	−0.11
Japan	294½-302½	301½-302½	1.90-1.70y pm	7.13	5.40-5.10pm	6.95
Austria	26.33-27.07	26.63-27.07	17¾-15⅞gro pm	7.52	43½-39⅞pm	6.22
Switz.	3.16⅞-3.23⅞	3.22-3.23	2⅝-2⅛c pm	6.14	6½-6pm	7.52

Belgian rate is for convertible francs. Financial franc 77.10-77.20. Six-month forward dollar 1.54-1.49c pm, 12-month 1.55-1.40c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

March 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1400-1.1920	1.1875-1.1885	0.50-0.47c pm	4.90	1.23-1.18pm	4.06
Ireland†	0.9450-0.9756	0.9710-0.9730	0.48-0.38c pm	5.43	1.27-0.97pm	4.71
Canada	1.3670-1.3768	1.3675-1.3695	0.20-0.23c dis	−1.88	0.58-0.63dis	−1.76
Nmklnd.	3.5950-3.7785	3.6295-3.6305	0.63-0.60c pm	1.99	2.03-1.99pm	2.17
Belgium	64.15-66.15	64.15-64.25	9½-10½c dis	−1.83	25-27dis	−1.59
Denmark	11.42-11.78¼	11.43¼-11.43¾	2-2½ore dis	−2.31	4¼-4¾dis	−1.54
W. Ger.	3.1850-3.2940	3.2100-3.2110	0.88-0.83pf pm	3.16	2.63-2.58pm	3.20
Portugal	175-182	179-181	200-600c dis	−23.24	600-1400d	−22.13
Spain	177-182½	171-178	58-65c dis	−4.06	165-185dis	−3.57
Italy	2,044-2,088	2,048½-2,047½	9½-16 lira dis	−5.65	29-30dis	−5.70
Norway	9.17-9.42¼	9.18¼-9.19¼	2½-3ore dis	−3.54	7¼-7¾dis	−3.21
France	9.75½-10.07	9.81¼-9.82¼	1.50-1.60c dis	−1.94	4.25-4.50dis	−1.75
Sweden	9.18-9.29¼	9.19¼-9.19¾	3½-4ore dis	−4.83	9¼-10¼dis	−4.30
Japan	253.30-257.75	254.15-254.25	0.53-0.49y pm	2.38	1.37-1.32pm	2.67
Austria	22.40-23.12	22.40-22.60	4½-3½gro pm	2.16	14-12pm	2.27
Switz.	2.6975-2.7830	2.7195-2.7205	0.79-0.73c pm	3.31	2.40-2.35pm	3.46

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 64.90-65.00.

OTHER CURRENCIES

Mar. 21	£	$		£ Note Rates
Argentina Peso	382.68-384.01	321.58-321.88	Austria	26.25-26.55
Australia Dollar	1.6820-1.6920	1.4265-1.4305	Belgium	70.68-76.45
Brazil Cruzeiro	4,974-5,011	4,180-4,200	Denmark	15.56-15.49
Finland Markka	7.8485-7.9410	6.6400-6.6600	France	11.45-11.58
Greek Drachma	167.48-160.69	137.90-140.69	Germany	3.76-3.79
Hong Kong Dollar	9.2560-9.2850	7.7940-7.7970	Italy	2365-2430
Iran Rial	106.40*	98.40*	Japan	294-997
Kuwait Dinar (KD)	0.3600-0.3615	0.30660-0.30675	Netherlands	4.22-4.26
Luxembourg Fr	76.30-76.40	64.15-64.25	Norway	10.69-10.72
Malaysia Dollar	3.0000-3.0500	2.5300-2.5500	Portugal	202-215
New Zealand Dlr.	2.0300-2.0900	2.1600-2.1855	Spain	202¼-211
Saudi Arab Riyal	4.2760-4.2880	3.6075-3.6095	Sweden	10.65-10.76
Singapore Dollar	2.6350-2.6850	2.2200-2.2400	Switzerland	3.17-3.20
Sth African Rand	2.2730-2.3275	1.9380-1.9415	United States	1.13¼-1.15¼
U.A.E. Dirham	4.3545-4.3575	3.6720-3.6750	Yugoslavia	265-315

* Selling rate.

CURRENCY MOVEMENTS

Mar. 21	Bank of England Index	Morgan Guaranty Change %
Sterling	70.4	−16.1
U.S. dollar	149.0	+60.2
Canadian dollar	88.7	−6.6
Austrian schilling	110.4	+5.7
Belgian franc	88.6	−11.0
Danish Kroner	70.0	−3.7
Deutsche mark	120.6	+9.2
Swiss franc	138.0	+6.0
Guilder	110.7	+3.6
French franc	63.8	−16.6
Lira	44.7	−17.6
Yen	166.6	+11.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Mar. 21	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.841485	0.683548
U.S. $	8	0.969476	0.686458
Canadian $	11.69	*	0.942137
Austria Sch.	4½	22.2940	16.0783
Belgian Fr.	11	63.0411	44.8587
Danish Kr	7	11.6865	7.99186
Dmark	4½	3.16146	2.23058
Guilder	6½	3.57164	2.51854
French Fr.	9½	9.68012	6.82917
Lira	16½	N/A	1412.58
Yen	5	N/A	176.071
Norway Kr.	8	9.12874	6.39074
Span'h Pta.	—	176.682	125.902
Swedish Kr.	9	9.06348	6.38079
Swiss Fr.	4	2.67429	1.88736
Greek Dr'ch	20½	135.717	96.4149
Irish Punt	12¾	1.01098	0.716786

* C$/SDR rate for March 20: 1.33443.

EXCHANGE CROSS RATES

Mar. 21	Pound Sterling	U.S. Dollar	Deutschemark	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.188	3.816	302.0	11.68	3.228	4.308	2434.	1.625	76.35
U.S. Dollar	0.842	1.	3.211	254.2	9.820	2.720	3.630	2047.	1.368	64.20
Deutschemark	0.262	0.311	1.	79.10	3.062	0.845	1.129	637.2	0.426	20.01
Japanese Yen 1,000	3.311	3.934	12.65	1000.	38.68	10.68	14.26	8058.	5.381	252.5
French Franc 10	0.856	1.017	3.266	258.6	10.	2.761	3.688	2083.	1.391	65.37
Swiss Franc	0.310	0.368	1.183	93.64	3.622	1.	1.336	754.6	0.504	23.67
Dutch Guilder	0.232	0.276	0.886	70.11	2.712	0.749	1.	564.9	0.377	17.72
Italian Lira 1,000	0.411	0.488	1.568	124.1	4.800	1.326	1.770	1000.	0.668	31.37
Canadian Dollar	0.616	0.731	2.348	185.8	7.186	1.985	2.651	1496.	1.	46.96
Belgian Franc 100	1.310	1.558	4.997	395.0	15.30	4.224	5.642	3187.	2.128	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Mar. 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	18¼-14⅞	8½-8⅝	10-10¼	6⅝-6¼	½-¾	6⅜-6½	10½-10⅝	15¼-14¼	10-10½	10¼-10½	6⅛-6½	11½-12
7 day's notice	14⅝-14⅝	8¾-8⅞	10¼-10½	6½-6¾	15½-16¾	6⅝-6¾	10⅜-10½	16½-14½	10½-10¾	10⅜-10⅝	7-7½	11½-12¾
Month	10⅞-14	8¾-8⅞	10¼-10¼	6⅞-6⅞	0⅛-0⅜	6⅜ 6¾	10⅝-10¾	14⅝-14⅞	10½-10¾	10⅜-10⅞	6½-6⅞	11½-11⅞
Three months	10⅜-10½	9⅛-9¼	10⅞-11	6⅞-7⅛	0½-0⅜	6⅞ 6	10⅞-11⅛	14¾-10¼	10½-10⅞	10⅞-16⅞	6⅜-6⅞	11⅜-11⅝
Six months	12½-12⅝	9⅛-9⅞	11-11⅛	7⅛-7⅜	5⅝-5¾	6⅞-6⅞	11⅛-11½	16½-16½	10¾-11	10⅞-11⅛	6⅜-6⅞	11⅛-11½
One year	12⅞-18⅞	10⅝-10⅞	11⅛-11⅝	7⅜-7⅞	5½-5⅝	6⅜-6½	12-12½	18¾-10⅛	11¾-11⅛	11⅛-11⅝	6⅞-6⅞	11¼-11¾

Asian $ (closing rates in Singapore): Short-term 8½-8⅝ per cent; seven days 8⅞-8⅝ per cent; one-month 8⅞-8⅞ per cent; three months 9⅛-9⅜ per cent; six months 9½-9⅞ per cent; one-year 10⅛-10⅜ per cent. Long-term Eurodollars: two years 11½-11⅝ per cent; three years 11¾-12 per cent; four years 12-12⅛ per cent; five years 12¼-12½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Eurodollars volatile

The Eurodollar futures pit on the London International Financial Futures Exchange was described as very fast, choppy and dangerous yesterday. June Eurodollars opened strong at 89.71, after breaking through a chart resistance point in Chicago overnight. Dealers pointed out that options on Eurodollar futures started trading in Chicago for the first time on Wednesday and this may have had some impact. The market was very nervous until lunchtime, and then became very volatile as one of the most important U.S. economic figures of the month was released. According to the flash estimate, first quarter U.S. gross national product rose by only 2.1 per cent, against expectations in the region of 3.5 to 4 per cent. This sent the contract racing up to a peak of 89.85, before the market began to worry about a larger-than-expected rise of 5.4 per cent in the implicit price deflator, a guide to the rate of U.S. inflation.

This produced some strong selling, but the contract closed much firmer on the day at 89.79, compared with 89.56 previously.

U.S. Treasury bond futures closed unchanged on the day for June delivery at 68-11, amid concern at the high price deflator, and lack of retail interest ahead of another U.S. Treasury refunding package.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	89.79	89.85	89.65	89.58
Sept	89.18	89.24	89.06	88.92
Dec	88.80	88.81	88.67	88.52
March	88.51	88.51	88.36	88.22
June	88.19	—	—	87.99

Estimated volume 2,179 (3,827)
Previous day's open int 15,818 (14,736)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
June	88.57	88.60	88.22	88.41
Sept	89.01	89.05	88.80	89.01
Dec	89.02	89.02	88.93	88.86
March	89.05	89.05	88.70	88.75
June	88.70	88.70	88.60	—

Estimated volume 2,293 (2,099)
Previous day's open int 5,271 (5,468)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
March	105-14	105-18	104-18	104-28
June	105-28	105-30	104-30	105-07
Sept	109-20	109-20	109-00	109-08
Dec	109-22	—	—	109-08
March	109-11	—	—	108-29

Estimated volume 4,906 (4,807)
Previous day's open int 4,196 (4,097)
Basis quote (clean cash price of 13½% Treasury 2003 less equivalent price of near futures contract) −28 to −16 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.1800	1.1820	1.1275	1.1294
Sept	1.1765	1.1765	1.1262	1.1260

Estimated volume 2,503 (2,696)
Previous day's open int 4,774 (2,336)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3147	0.3152	0.3072	0.3082
Sept	0.3176	—	—	0.3111

Estimated volume 311 (103)
Previous day's open int 255 (239)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.3720	0.3720	0.3656	0.3648

Estimated volume 288 (1)
Previous day's open int 121 (120)

JAPANESE YEN
Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.3962	0.3964	0.3960	0.3913

Estimated volume 1 (289)
Previous day's open int 361 (294)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
March	130.20	130.70	129.70	130.20
June	130.65	130.80	130.20	130.60
Sept	131.05	—	—	131.10

Estimated volume 410 (274)
Previous day's open int 1,506 (1,543)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	68-11	68-31	68-07	68-11
Sept	67-16	67-30	67-16	68-00

Estimated volume 2,816 (1,942)
Previous day's open int 2,546 (2,575)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	66-01	66-12	66-00	66-03
June	68-10	68-22	68-07	68-13
Sept	67-16	67-27	67-12	67-18
Dec	66-23	67-03	66-21	66-27
March	—	—	—	66-06
June	65-10	65-14	65-14	65-20
Sept	64-30	64-30	64-30	65-05
Dec	64-10	64-18	64-18	64-24
March	—	—	—	64-13
June	—	—	—	64-03

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	90.97	91.02	90.93	90.88
Sept	90.51	90.56	90.45	90.41
Dec	90.19	90.24	90.18	90.10
March	89.96	89.98	89.95	89.87
June	89.76	89.79	89.74	89.89
Sept	89.60	89.61	89.60	89.51
Dec	89.44	89.44	89.44	89.34
March	—	—	—	91.31

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	91.05	91.10	91.05	91.05
June	90.21	90.28	90.10	90.13
Sept	89.58	89.63	89.51	89.49
Dec	89.16	89.19	89.11	89.09

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	89.78	89.87	89.68	89.59
Sept	89.18	89.28	89.08	89.09
Dec	88.79	88.90	88.78	88.69
March	88.51	88.57	88.50	88.40
June	88.30	88.33	88.30	88.10
Sept	88.10	88.10	88.00	87.97
Dec	—	—	—	—
March	—	—	—	87.80

STERLING (IMM) $s per £

	Latest	High	Low	Prev
June	1.1790	1.1810	1.1470	1.1340
Sept	1.1770	1.1770	1.1470	1.1315
Dec	1.1775	1.1775	1.1400	1.1320
March	1.1770	1.1770	1.1600	1.1325
June	—	—	—	—
Sept	—	—	—	1.2505

GNMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	—	—	—	68-28
June	68-14	68-19	68-14	68-10
Sept	67-21	67-25	67-21	67-22
Dec	—	—	—	67-00
June	—	—	—	66-27
Sept	—	—	—	65-11

Legal Notices

IN THE MATTER OF W. J. TAYLOR (EPSOM) LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 1st day of August, 1985, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

PATRICK GRANVILLE WHITE
of Booth, White & Co.,
1 Wardrobe Place,
Carter Lane, London EC4V 5AJ,

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 27th day of February 1985.
PATRICK GRANVILLE WHITE
Liquidator

MONEY MARKETS

Renewed bill issuing helps liquidity

The sharp squeeze on overnight and very short dated money on Wednesday encouraged issuing of bank bills in large quantities yesterday, as prospective issuers again found it beneficial to operate through the bill market rather than risk the high cost of borrowing on the interbank market. This helped create much more comfortable conditions at the short end of the market, and enabled the Bank of England to take out yesterday's shortage without recourse to large lending to the discount houses. The houses' buying rates for three-month eligible bank bills fell to 12⅞ per cent from 13⅛ per cent, but the trend had little effect on fixed period interbank rates, where three-month money finished unchanged at 13⅛.

The Bank of England initially forecast a money market shortage of £1,110m, but revised this to £1,200m in the afternoon. Total help on the day was £1,255m.

An early round of assistance was offered, and after Wednesday's fall in bank base rates, and the signal from the Bank of England that another immediate reduction in base rates would not be welcomed, discount houses were more willing sellers of bills, although most of the help was provided with a repurchase agreement.

The early help was through outright purchases of £301m bank bills, by way of £82m bills in band 1 (up to 14 days maturity) at 13⅜ per cent; £180m bills in band 2 (15-33 days) at 13⅜ per cent; £6m bills in band 3 (34-63 days) at 13¼ per cent; and £33m bills in band 4 (64-91 days) at 13 per cent.

Further assistance of £817m was given before lunch, including £96m bank bills bought outright, through £18m in band 1; £61m in band 2; £4m in band 3; and £13m in band 4 at similar rates. Another £721m bills were purchased for resale to the market in equal amounts on April 16 and April 17 at a rate of 13⅜ per cent.

In the afternoon the Bank of England bought £62m bank bills outright, by way of £40m in band 1; £10m in band 2; £11m in band 3; and £1m in band 4 at the same rates.

Late assistance of £75m was also provided.

Bills maturing in official bands, repayment of late assistance and a take-up of Treasury bills drained £931m, with a rise in the note circulation absorbing £30m, and bank balance below target £175m. These outweighed Exchequer transaction adding £30m to liquidity.

UK clearing banks base lending rate 13¼ per cent since March 20

MONEY RATES

March 21	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	6.50-5.60	10⅛	1⅛-1⅛	6⅛-6⅛	6.46870	10⅝-16	10.50	14⅞-14½
One month	6.00-6.15	10⅛-10⅜	6⅝-6⅞	6¾-6⅞	6.53125	15½-16⅛	10⅝-10⅞	14⅜-14⅝
Two months	6.10-6.20	10⅛-10⅜	—	—	—	—	—	14¼-14½
Three months	6.20-6.35	10⅛-10⅜	5⅞-6⅛	6⅛-6⅞	6.34370	15¾-16⅛	10¾-11	14⅛-14⅜
Six months	6.40-6.55	10⅛-10⅜	—	7-7⅛	—	—	10⅞-11⅛	14-14¼
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	10⅛	—	6⅞	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

[illegible]

FT LONDON INTERBANK FIXING

(11.00 a.m. March 21)

Three months U.S. dollars

bid 9 3/16	offer 9 5/16

Six months U.S. dollars

bid 9 13/16	offer 9 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

[illegible]

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, March 20, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of March 20 at 11.00 a.m.
3 months: 9⅜ 6 months: 9¹⁵⁄₁₆

ECU=$US.686996 SDR1=$US.970326
Sibor as of March 20 at 11.00 a.m.
3 months: 9⅜ 6 months: 9¹⁵⁄₁₆

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	8.7598
Algeria	Dinar	5.2875
Andorra	Fr. Franc	9.92
	Sp. Peseta	179.70
Angola	Kwanza	29.916
Antigua	E. Caribbean $	2.70
Argentina	New Peso (o)	318.84
Australia	Dollar	1.4965
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	9.29
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (b, 0)	1.82
Guinea Bissau	Peso	86.6245
Guinea Rep	Syli	26.4402
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	437.00
Peru	Sol (o)	7981.21
Philippines	Peso	18.489
Pitcairn Is.	N.Z. Dollar	2.2002
Poland	Zloty (O) (3)	141.41
Portugal	Escudo	180.00
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641

[illegible]

n.a. Not available. (m) Market rate *U.S. dollars per National Currency unit. (u) Freemarket central bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Controlled. (f) Financial rate. (h) Non-essential imports. (i) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Sierra Leone: February 22. Official devaluation of 58.33 per cent. (3) Chile: February 25. Peso devalued by 9 per cent. (4) Equatorial Guinea: December 31, currency joins Franc zone. (5) Jamaica: November 8, rate adjustment fixed by Central Bank bi-weekly auction. (6) Somalia: January 8, official devaluation of 28 per cent. (7) Bolivia: February 8, official devaluation of approximately 61 per cent. (8) Ghana: December 3, Cedi devalued from 38.5 to 50 per cent. (9) Botswana: January 11, Pula devalued approximately 15 per cent. (10) Sudan: February 11, official devaluation of approximately 48 per cent. For further information please contact your local branch of the Bank of America.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for March 21.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 12⅝ 88	100	101⅜	101⅞	+0¼	+0½	11.98
Austria Rep 13⅝ 92	100	105⅝	106⅛	+0⅛	−0⅛	12.32
Bank Of Tokyo 12⅝ 92	100	99⅞	99⅜	+0¼	+0⅜	12.80
Bank of Tokyo 13⅜ 91	100	104¼	104¾	+0⅛	+0¼	12.51
BP Capital 11½ 00	150	93⅞	94⅜	+0¼	+0⅜	12.43
Caisse Nat Telé 13¾ 91	100	104⅝	105⅛	+0⅛	+0⅜	12.54
Canadian Pac 12½ 99	75	101	101½	+0¼	+0¼	12.28
CBS Inc 11⅞ 92	100	94¼	94¾	+0¼	+0¾	12.50
Chevron U.S.A. 12¼ 89	600	100	100½	+0¼	+0½	12.12
Creditanstalt 13⅛ 91	100	101⅜	101⅞	+0⅛	+0⅜	12.78

	Issued	Bid	Offer	Change on day	Change on week	Yield
Walt Disney Pro 12½ 87	100	† 101½	100	+0¼	+0½	11.58
Weyerhaeuser 12¼ 87	196	100½	101	0	+0⅛	11.81
World Bank 12¼ 94	100	99⅛	99⅝	+0⅜	+0¼	12.34
World Bank 12⅞ 94	200	102	102½	+0½	+0¼	12.42

Average price change On day +0¼ on week +0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	100¼	101	+0⅛	+1	7.89
Austria Republic 7⅝ 04	200	99⅛	99⅞	+0⅛	+1	7.76
Baxter Travenol 7¼ 94	200	97¾	98½	−0⅛	+0⅛	7.54

OVER-THE-COUNTER

Continued from Page 32

CAPITAL MARKETS

New South Wales lands $150m issue in confused market

BY MAGGIE URRY IN LONDON

SALOMON BROTHERS yesterday grasped the nettle in launching a $150m fixed rate Eurodollar bond, for New South Wales. This is the Australian state's first Eurobond issue and comes in the name of its Treasury Corporation.

The five-year deal pays an 11¾ per cent coupon, a ¼ point higher than on Canada's recent $500m issue with a similar maturity. The pricing was considered by dealers to be just on the fine side of right, and it was trading at a discount around 1¾ per cent, inside the 1⅞ per cent total fees. There is still a huge supply of paper on underwriters' books, though mostly issued on lower coupons.

Otherwise the Eurodollar bond market was confused yesterday, worried by the fall in the dollar. The U.S. flash GNP estimate for the first quarter was thought to be good though, and prices gained ⅛ to ¼ point.

The Eurosterling market is also unsettled by the volume of new issues, and some traders were relieved that the £30m National Bank of Canada issue had been postponed by lead manager Hambros Bank. The swap related to the deal was thought to be going ahead, however.

In the Swiss franc foreign bond market prices improved slightly, though turnover was again low. Attention centred on the SwFr 100m issue with warrants for Dennison Manufacturing. Poor trading results from the company hit this deal, with the warrants falling from SwFr 30 to SwFr 19, while the bond-and-warrant package has dropped 3½ points to 94 over two days.

D-Mark foreign bond trading was quiet yesterday, and prices picked up marginally in the afternoon.

Dealers are waiting to see the pricing of the new Federal Government bond issue to be announced today.

● Mr Ian Schmiegelow, executive director in charge of the international banking and issues department at Hambros Bank, resigned yesterday. His departure follows the resignation of Mr Mark Nicholson, Hambros' new issue syndication manager, on Monday. Mr Schmiegelow, aged 42, has been with the bank for 16 years and described the parting as "perfectly amicable."

BHF Bank bond average

March 21		Previous
100.616		100.589
High	1984/85	Low
103.042		98.056

WEEKLY U.S. BOND YIELDS (%)

	Mar 20	Mar 13	1985 High	1985 Low
Composite Corp. AA	12.46	12.46	14.23	11.95
Government:				
Long-term	11.84	11.83	13.69	11.19
Intermediate	11.89	11.88	13.79	11.12
Short-term	10.82	10.90	13.22	10.03
Municipal	n/a	9.78	11.14	9.62
Industrials AAA	11.95	11.92	13.68	11.44
Industrials AA	12.42	12.43	14.13	11.86
Utilities AA	12.54	12.49	14.45	12.01
Preferred Stocks	11.01	10.97	12.17	10.77

Source: Standard & Poor's

Indices

NEW YORK—DOW JONES

New York Active Stocks

TORONTO

AUSTRALIA

AUSTRIA

BELGIUM

DENMARK

FRANCE

GERMANY

HONG KONG

ITALY

JAPAN**

NETHERLANDS

NORWAY